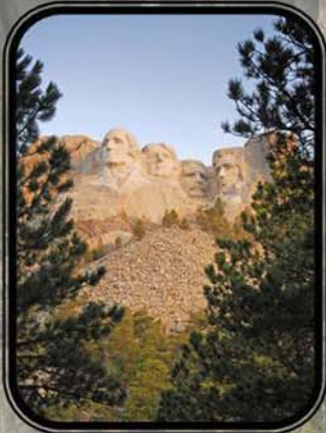


South Dakota

SINGLE AUDIT REPORT
FOR THE FISCAL YEAR
ENDED JUNE 30, 2015

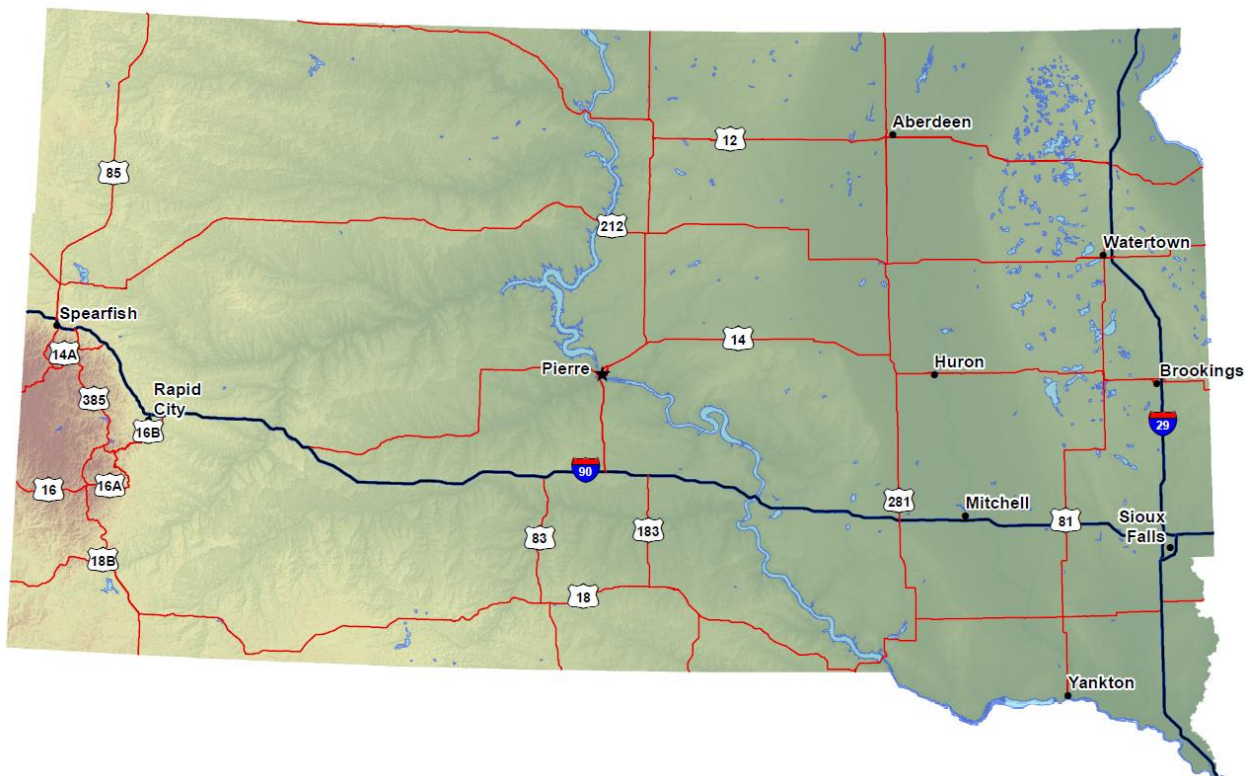


JASON C. DILGES, CHIEF FINANCIAL OFFICER
BUREAU OF FINANCE AND MANAGEMENT

MARTIN L. GUINDON, AUDITOR GENERAL
DEPARTMENT OF LEGISLATIVE AUDIT



STATE OF SOUTH DAKOTA
SINGLE AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2015



DENNIS DAUGAARD, GOVERNOR
MATT MICHELS, LT. GOVERNOR

JASON C. DILGES, CHIEF FINANCIAL OFFICER
BUREAU OF FINANCE AND MANAGEMENT

MARTIN L. GUINDON, AUDITOR GENERAL
DEPARTMENT OF LEGISLATIVE AUDIT



March 21, 2016

To the Citizens of the State of South Dakota; The Honorable Dennis Daugaard, Governor;
and Members of the South Dakota Legislature:

We submit to you herein, the *Single Audit Report of the State of South Dakota* for the fiscal year ended June 30, 2015. This report includes the financial statements for the state of South Dakota as of June 30, 2015 and for the year then ended. The report also presents the results of audit of the State's compliance with state and federal laws and regulations.

In submitting this report, we would like to express our appreciation to the staff of both the Bureau of Finance and Management, and the Department of Legislative Audit for their efforts in completing this report. We also thank the many people in the various departments and agencies of state government that assisted by providing information necessary for completing the report.

A blue ink signature of Jason C. Dilges, written in a stylized, cursive script.

Jason C. Dilges, Commissioner
Bureau of Finance and Management

A black ink signature of Martin L. Guindon, written in a stylized, cursive script.

Martin L. Guindon, Auditor General
Department of Legislative Audit

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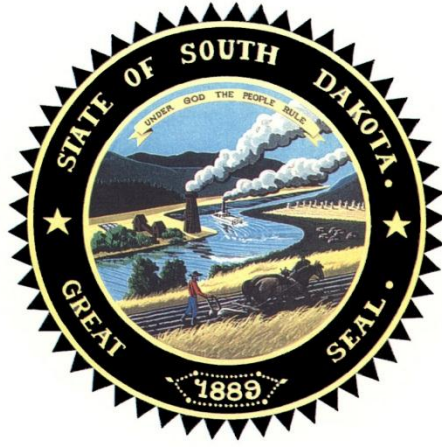
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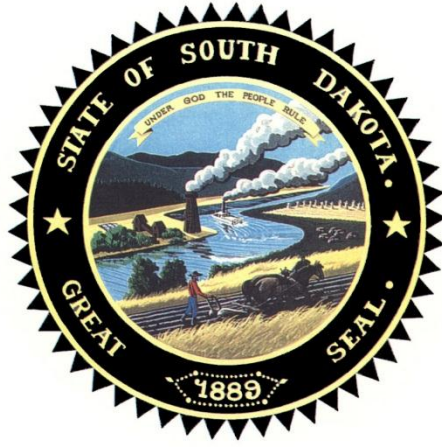
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INTRODUCTORY SECTION



INTRODUCTORY SECTION



DEPARTMENT OF EXECUTIVE MANAGEMENT BUREAU OF FINANCE AND MANAGEMENT

500 East Capitol Ave. • Pierre, South Dakota 57501-5070 • Voice: (605) 773-3411 • Fax: (605) 773-4711

January 22, 2016

THE HONORABLE DENNIS M. DAUGAARD, GOVERNOR OF SOUTH DAKOTA
THE HONORABLE MEMBERS OF THE SOUTH DAKOTA LEGISLATURE
THE CITIZENS OF THE STATE OF SOUTH DAKOTA

It is my privilege to present the Comprehensive Annual Financial Report (CAFR) on the operation of the State of South Dakota (hereinafter referred to as the State) for the fiscal year ended June 30, 2015.

Report. This report is prepared by the Bureau of Finance and Management and submitted, as required, by South Dakota Codified Law 4-4-6. The financial statements contained in the CAFR are prepared in conformity with generally accepted accounting principles (GAAP) applicable to government as prescribed by the Governmental Accounting Standards Board (GASB). Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the State's management. We believe the information, as presented, is accurate in all material respects and that all disclosures necessary to enable the reader to gain an adequate understanding of the State's financial affairs have been included.

The CAFR is presented in three sections: *Introductory*, *Financial*, and *Statistical*. The *Introductory Section*, which provides information on the general contents of the report, contains this letter of transmittal, a list of principal State officials, fiscal year 2015 functions of State government, and an organizational chart of State government. The *Financial Section* includes the Independent Auditor's Report on the Basic Financial Statements; Management's Discussion and Analysis (MD&A) that provides an introduction, overview, and analysis of the Basic Financial Statements; the Basic Financial Statements that present the government-wide financial statements, fund financial statements, notes to the Basic Financial Statements; Required Supplementary Information that includes required budgetary comparison and pension schedules; and Other Supplemental Information that includes combining financial statements and schedules for individual funds. The *Statistical Section* includes financial trends, revenue capacity, debt capacity, demographic, economic, and operating information.

Internal Controls. Management of the State is responsible for establishing and maintaining an internal control structure designed to provide reasonable safeguards to ensure that the assets of the government are protected from loss, theft, or misuse and to provide reasonable assurances that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with GAAP. The Bureau of Finance and Management is able to monitor revenues and expenditures on a weekly basis to detect excess expenditures or shortfalls in revenues. As required by State statute, the State Auditor, an elected official, shall be presented all accounts and claims against the State to examine and adjust the same. Also, as required by State statute, the State Treasurer, an elected official, shall have charge of, and safely keep, all public moneys which shall be paid into the State treasury, and pay out the same as directed by law. The Department of Revenue periodically audits retail establishments to assure their payment of sales and excise taxes. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that 1) the cost of a control should not exceed the benefit likely to be derived and 2) the valuation of costs and benefits requires estimates and judgments by management.

Independent Auditors. The South Dakota Department of Legislative Audit, a division of the legislative branch of State government, performs the audit of *South Dakota's Comprehensive Annual Financial Report*. The audit is conducted in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards (GAS) issued by the Comptroller General of the United States. The Independent Auditor's Report (issued by the Department of Legislative Audit) includes an expression of opinion on the financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the State of South Dakota as of June 30, 2015, and the respective changes in financial position and cash flows, where applicable, for the fiscal year then ended.

In conjunction with the audit of the State's financial statements, the Department of Legislative Audit also performs audits of major federal and state programs and issues an opinion on the State's compliance with the requirements of major federal programs. The results of the audit of federal and state programs are presented in the *South Dakota Single Audit Report* under separate cover.

Internal control procedures are evaluated on an annual basis by the Department of Legislative Audit to provide reasonable assurance for the safeguarding of the State's assets and to provide reasonable assurance of proper recording of financial transactions used to prepare this report.

Management's Discussion and Analysis (MD&A). GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the Basic Financial Statements in the form of MD&A. The letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The State's MD&A can be found immediately following the Independent Auditor's Report.

PROFILE OF THE GOVERNMENT

Structure. The State entered the Union on November 2, 1889 as the 39th or 40th state (with its twin, North Dakota). South Dakota has 75,885 square miles of land and a population estimated to be 0.8 million. The State has a strong executive branch with a bicameral legislative form of government. The Governor may be elected for two consecutive four-year terms. The Governor appoints all heads of state departments who serve at the pleasure of the Governor. The State Legislature is composed of a 35-member Senate and a 70-member House of Representatives. Legislators are elected for two-year terms and limited to four consecutive terms for the same seat.

Services. State government provides services to citizens that include support for public education, public assistance and Medicaid, health and human services, public safety, building and maintaining state highways, agricultural and environmental services, community and economic development, and other general government services.

Budget Process. State law requires annual preparation and approval of the State's budget. The Governor presents the annual budget to the State Legislature by the first Tuesday after the first Monday in December. The State Legislature is required to approve a budget by the end of the legislative session. There is no provision for a continuing resolution. The Constitution of the State of South Dakota requires the Legislature to pass a balanced annual budget in which expenditures and appropriations may not exceed anticipated revenue. Accumulated General Fund balances may be drawn down to balance an annual budget, as long as the General Fund balance remains positive. The Governor has the power to veto individual line items in the budget approved by the State Legislature. The State budget must remain in balance through the end of the fiscal year. Accordingly, state departments cannot encumber more funds than they have been authorized to spend. During the year, the Governor may authorize intradepartmental transfers of funds upon approval of the special committee, as long as total appropriation levels are not exceeded.

The State's largest sources of General Fund revenues are sales and service taxes, business taxes, and lottery proceeds. The largest categories of General Fund expenditures are general bill expenditures for state aid to primary and secondary education; property tax relief payments made by the State to local government units through state aid to education; the State's share of the cost of Medicaid, corrections and higher education; operation, maintenance and improvement of facilities for state government; and state salaries.

State Reporting Entity. The State's reporting entity reflected in the CAFR, which is described more fully in the Notes to the Financial Statements, conforms to the requirements of GASB. The accounting and reporting principles are based primarily on the fundamental concept that publicly elected officials are accountable to their constituents. Further, the financial statements should emphasize the primary government and permit financial statement users to distinguish between the primary government and its component units. Organizations qualify as component units if the legally separate tax-exempt organization's resources directly benefit, or primarily benefit the State, and the State is financially accountable to that organization. The State is considered financially accountable to an organization if the State appoints a voting majority of the organization's governing body and is able to impose its will on that organization or if the organization can potentially provide specific and material financial benefits to, or burdens on the State, whether the State appoints the board or not. Consequently, the transmittal letter, MD&A, and the Basic Financial Statements focus on the primary government and its activities. Although information pertaining to the discretely presented component units is provided, their separately issued financial statements, excluding Higher Education and the South Dakota Value Added Finance Authority, should be read to obtain a complete overview of their financial position.

Risk Management. The Risk Management Program was created to protect the assets and resources of the State through efficient control and financing of risks inherent in government operations by ensuring a safe environment for State employees and the general public. Responsibilities include ensuring that exposures to financial loss are discovered and handled appropriately, minimizing the possible interruption of vital public services, and reducing the costs and consequences of accidents through effective loss control management.

Housed with the Risk Management Program is the Public Entity Pool for Liability (PEPL), a self-insurance program created to cover risks associated with automobile liability, and general tort liability (including public officials' errors and omissions liability; medical malpractice liability; law enforcement liability; and products liability).

More information on the risk management activities can be found in the Notes to the Financial Statements.

Cash Management. The South Dakota Investment Council was established by the State Legislature in 1971 and became operational on July 1, 1972. The Investment Council is responsible for the investment management of the assets of the Cash Flow Fund, the South Dakota Retirement System, School and Public Lands, Dakota Cement Trust Fund, Education Enhancement Trust Fund, and Health Care Trust Fund.

Total investment income for all funds invested by the Investment Council was \$522 million for fiscal year 2015. Income for the most recent five years totaled \$6.2 billion and, since inception, has exceeded \$15 billion. The Investment Council has grown from \$133.0 million in assets under management at the end of its first year to \$13.3 billion at June 30, 2015. The Cash Flow Fund portfolio resulted in earnings this year of \$16.7 million, a yield of 1.25%. The Cash Flow Portfolio has earned taxpayers \$1.1 billion over the past 43 years. The South Dakota Retirement System's assets have returned 10.6% for the past 42 years (since inception of the Council's management responsibilities for SDRS). This performance has placed the Council in the top one percentile against other state pension funds.

Cash management and investments are discussed more fully in the Notes to the Financial Statements.

Lottery. The South Dakota Lottery Fund was created during the 1987 legislative session to market instant scratch games. Video lottery was authorized during the 1989 legislative session and operations commenced in October 1989. Legislative approval to participate in a multi-state lotto game was given during the 1990 legislative session. That same year, the State joined the Multi-State Lottery Association (MUSL), a consortium of 47 lottery jurisdictions that currently offer the Powerball game. The purpose of the lottery is to provide additional moneys to fund vital public programs and projects. From inception to June 30, 2015, a total of \$2.47 billion has been generated to fund many public programs and projects. Lottery provided \$111.4 million income (before transfers) during fiscal year 2015.

Retirement System. The South Dakota Retirement System (SDRS) provides retirement benefits for State employees and those employees of local governments that participate in the system. Employers and employees contribute equal amounts in the form of a percentage of employee compensation. As of June 30, 2015, SDRS is fully funded with an actuarial value funded ratio of 100.0% and a fair value funded ratio of 104.1%.

The unfunded actuarial accrued liability as a percent of covered payroll went from 15.6% in fiscal year 2006 to 0% in fiscal year 2015. The actuarial value funded ratio increased from 96.7% in fiscal year 2006 to 100% in fiscal year 2015. The funded ratio is the ratio of the actuarial value of the assets of the system to the actuarial accrued liabilities of the system as of the date of calculation. In fiscal year 2015, SDRS experienced a 4.18% (money-weighted) market return, or 3.07% less than the assumed rate of return of 7.25%.

Plan assets at fair value in fiscal year 2015 were \$10.8 billion compared to plan assets of \$6.8 billion in fiscal year 2006.

The assets of the system are valued at their fair value. The system is in full compliance with the standards of the Governmental Accounting Standards Board and has received the Government Finance Officers Association's (GFOA) Certificate of Achievement for Excellence in Financial Reporting for the last twenty years. The system is subject to an annual actuarial valuation and annual audit performed by an independent audit firm.

As previously stated, SDRS is fully funded with an actuarial value funded ratio of 100% and a fair value funded ratio of 104.1%. Therefore SDRS currently has no unfunded actuarial accrued liability (AAL) and the statutory employer and employee contributions exceed the normal cost and expenses of the system. The portion of contributions previously assigned to pay down the unfunded AAL can now be used to build the cushion to protect the system against future unfavorable experience and enhance the system's sustainability. If a future unfunded AAL develops, the statutory contributions in excess of normal cost and expenses will be available to pay down the unfunded AAL.

In fiscal year 2015, the State implemented GASB Statements 68 and 71 which required the State to recognize and report pension related liabilities, assets, deferred outflows of resources, deferred inflows of resources, expense/expenditures and revenues for pensions provided to its employees. As allowed by the GASB standards, the State used a June 30, 2014 measurement date to report its proportionate share of the SDRS in the fiscal year 2015 CAFR. As of June 30, 2014, SDRS reported a total pension liability of \$9,998,095,288 and a plan fiduciary net position of \$10,607,554,492 resulting in a fair value funded ratio of 107.3% and a net pension asset of \$720,459,104. The primary government's proportionate share is 22.07%. Thus South Dakota is one of the few states in the nation to boast a net pension asset of \$158,996,518.

Additional information on the State's retirement plans and the related net pension asset can be found in the Notes to the Financial Statements.

Health and Life Insurance Benefits. The State (rather than an insurance carrier) assumes substantially all risk associated with claims of covered public employees for health insurance and life insurance benefits. However, an insurance carrier provides claims administration services for health insurance. The Group Insurance Program within the Bureau of Human Resources was established to administer and improve group health, life, and the flexible benefit plans for state employees and their dependents. The program provides for payment of benefits to eligible claimants in the most efficient and cost effective manner. Premiums are charged to state funds for all covered employees, while employees share in the costs of co-pays, deductibles, and dependent costs.

Additional information on the State's health and life insurance benefits can be found in the Notes to the Financial Statements.

ECONOMIC CONDITIONS AND OUTLOOK

Employment growth is an important indicator of the State's economic health. The national economic recession had a negative impact on employment during 2009 and 2010, but positive employment growth returned for the past several years. South Dakota's nonfarm employment declined 1.9% in 2009 and 0.1% in 2010, but rebounded with an average growth rate of 1.2% from 2011 through 2014. This compares to the United States nonfarm employment growth of -4.3% in 2009, -0.7% in 2010 and average growth of 1.6% from 2011 through 2014.

In fiscal year 2015, nonfarm employment in South Dakota grew 1.4% compared to the national growth rate of 2.1% over the same time period. Employment sectors that experienced growth in fiscal year 2015 in South Dakota include: mining, logging and construction; manufacturing; trade, transportation, and utilities; professional and business services; education and health services; leisure and hospitality; other services; and government. The employment sectors that experienced slight decreases during the fiscal year were information and financial activities.

The unemployment rate in South Dakota remained low over the course of fiscal year 2015 and was one of the lowest in the nation due to steady economic growth. In June of 2015, South Dakota's unemployment rate was 3.8%, which is 1.5% lower than the U.S. unemployment rate of 5.3% for the same month.

Income growth is another important indicator of the State's economic health. In calendar year 2014, which is the most recent annual data that is available, South Dakota's total personal income grew 2.0%, lower than the U.S. growth rate of 4.0%. The lower growth rate in 2014 is primarily due to a 25% decrease in South Dakota farm income. South Dakota's nonfarm income grew 4.9% in 2014, which was higher than the U.S. nonfarm income growth of 4.6%. This growth in nonfarm income compares to the seven state Plains region average growth of 4.3% in 2014. The other Plains region states of Iowa, Kansas, Minnesota, Missouri, Nebraska, and North Dakota experienced nonfarm income growth rates of 4.7%, 3.4%, 4.8%, 3.4%, 4.5%, and 7.8%, respectively. South Dakota's per capita personal income was \$45,279 in 2014, 1.7% less than the U.S. average per capita income of \$46,049. In the past 10 years, South Dakota's per capita personal income has improved from 93.1% of the U.S. average in 2005 to 98.3% of the U.S. average in 2014.

In the past several years, a strong agriculture economy helped the State's economy grow during challenging economic times. From 2010 through 2014, farm income averaged over \$2.8 billion per year, with 2011 having the highest farm income on record in South Dakota at \$3.8 billion. This compares to the previous five-year average farm income level (2005 through 2009) of \$1.6 billion. In 2015, strong production is being offset by lower commodity prices, leading to lower, yet healthy income in the agriculture sector.

The outlook for South Dakota's economy is for steady growth over the next two years. Continued employment and income growth with a steady agriculture sector have contributed to economic growth since the national recession. As of October 2015, South Dakota's nonfarm employment levels were 7,900 jobs, or 1.9% higher when compared to a year

earlier. In addition, the unemployment rate in South Dakota is currently at 3.2%, lower than the U.S. unemployment rate of 5.0% as of October 2015. South Dakota's economy is expected to grow steadily in 2016 and 2017 as the State continues to boast one of the lowest state per capita taxes in the nation and a business friendly environment.

MAJOR INITIATIVES

Governor Dugaard continues to focus on job growth, economic development and visitor spending, taking care of those who cannot take care of themselves, providing our children with a quality education, and protecting our society from those who would do us harm.

Listed below are some of the major initiatives the State has implemented in recent years:

Strengthening the State's financial condition and bond rating. Governor Dugaard is committed to further strengthening the financial condition of the State and pledges to never lose sight of those values that keep our state strong. In doing so, the State has taken action to clarify the State's Constitutional balanced budget requirement, maintain healthy reserves and a highly funded pension plan, and work towards timely financial reporting and longer term financial planning.

- The State has two statutorily created reserve accounts – the General Fund Budget Reserve and the Property Tax Reduction Fund. The combined accrual basis balance of these two reserve accounts for fiscal years 2011, 2012, 2013 and 2014 was \$111.2 million, \$139.0 million, \$163.1 million and \$153.4 million, respectively. In fiscal year 2015, the General Fund Budget Reserve grew from \$105.2 million to \$126.7 million (on an accrual basis) and the Property Tax Reduction Fund decreased from \$48.2 million to \$44.6 million for a combined reserve accrual basis balance of \$171.3 million at the close of fiscal year 2015. This represents a reserve increase of \$17.9 million or 11.7% in fiscal year 2015.
- The long-term experience of SDRS has been very favorable, resulting in a funded status that exceeds virtually all other statewide public retirement systems. The SDRS Funded Ratio based on market value of assets was 107.3% in June 2014 compared to an estimated 80% for an average of statewide public systems and 104.1% in June 2015 compared to an estimated 74% for other statewide public systems.
- The State has always taken the position that the Constitution of the State of South Dakota requires the State's budget be balanced and thus the State Legislature has always passed a balanced budget. However the language in the Constitution was unclear and ambiguous. At the request of Governor Dugaard, HJR 1007 was passed during the 2012 Legislative Session. This resolution legislatively referred a constitutional amendment to a public vote. At the November 6, 2012 General Election, the voters of South Dakota passed this constitutional amendment which clarified the balanced budget provisions within the Constitution of the State of South Dakota. Specifically, it requires the Governor to propose and the Legislature to pass an annual budget in which expenditures and appropriations may not exceed anticipated revenue. Although this Constitutional amendment provided clarity, it did not change the balanced budget philosophy that the State has followed since statehood.
- In 1987, the State of South Dakota issued its first CAFR. That report contained an unqualified opinion from the Department of Legislative Audit (the independent auditors). The Independent Auditor's Report included in this report represents the 29th consecutive year South Dakota has received an unqualified opinion on its CAFR. Additionally, it is Governor Dugaard's goal for future CAFRs to be issued 6 months after the close of the fiscal year. To achieve this goal, the 89th and 90th Legislative Assemblies provided additional resources geared toward achieving that goal. With these resources, it is anticipated that the fiscal year 2016 CAFR will be issued by December 31, 2016, six months after the close of the fiscal year.
- House Bill 1203 from the 2014 Legislative Session was passed and signed by the Governor. This bill creates new requirements for revenue estimates during legislative session and requires that the Bureau of Finance and Management and the Legislature shall produce an additional independent revenue projection no later than July 30th of each year. These additional measures further ensure financial stability in South Dakota.
- House Bill 1206 from the 2014 Legislative Session was passed and signed by the Governor and provided \$56.3 million for state lease rental agreements. This removed three state bonds from the South Dakota Building Authority's balance sheet. This also included principal and interest for a fourth bond to be called at its call date.

- In the spring of 2014, the State adjusted the retiree health plan premiums for the eligible retirees between the ages of 55 and 65 (pre 65). These adjusted premiums are projected to be fully supportive of the projected claim and fee costs of the pre 65 retire health plan program thus eliminating the blended premium between the pre 65 retirees and the active employees. The new rates were graduated in with the first increase on July 1, 2014 and the final increase on January 1, 2015. This premium change assured that the State would not provide a direct or indirect premium subsidy and therefore eliminated the implicit rate subsidy. As a result, the State of South Dakota has eliminated its entire OPEB liability.
- Another aspect of strengthening the State's financial practices is for longer term financial planning. Two executive orders were signed by Governor Dugaard in the summer of 2014 which are designed to further strengthen South Dakota's fiscal practices. The first executive order directed the Bureau of Finance and Management to make dashboard metrics available to the public. Additionally, the first executive order further strengthened the Governor's Council of Economic Advisors. This executive order enhances the State's transparency all while providing additional expert opinions from university professors and business leaders from across the State. The second executive order directs the Bureau of Finance and Management to prepare three working documents designed to enhance South Dakota's long-term financial planning. The three documents are: a long-term budget forecast estimate, a capital expenditure plan, and a debt service policy. All three documents allow the State to continue sound financial practices while presenting a fiscal road map. In addition to this, Senate Bill 172 from the 2015 Legislative Session was passed and signed by the Governor which memorialized in state law the executive orders pertaining to the long-term financial planning. State law now requires the South Dakota Bureau of Finance and Management to update these long-term planning documents annually and release them for public viewing no later than January 15th of each year.
- House Bills 1185, 1186, and 1187 from the 2015 Legislative Session were passed and signed by the Governor. These bills established three captive insurance cells in order to better protect our state facilities, as well as provide general liability, public officials' errors and omissions liability, employment practices liability, and directors and officers liability coverage to five of the State's discretely presented component units. By establishing the captive insurance companies, the State and the discretely presented component units will pay insurance premiums to these captive insurance companies. Over the long term, premiums are anticipated to remain low and decrease while minimizing the risk of loss to the State and the component units.
- The State has robust internal controls designed to provide reasonable assurance that the State is meeting its operational, reporting, and compliance objectives. This fact has been proven time and again that South Dakota is a leader in operational efficiencies, while maintaining sound safeguards of its assets and resources. Recently, some of the State's internal control practices have been recognized and adopted by national organizations as best practice templates for other governments; however, Governor Dugaard wants to do even better by advancing his Internal Control Initiative. This Initiative is designed to improve the control environment and communications within state government, further develop the risk assessments, and strengthen the control and monitoring activities.

Public Safety Improvement Act. In the past 35 years, South Dakota's prison population increased 500%. In response, state leaders formed the South Dakota Criminal Justice Initiative Work Group, which was charged with analyzing sentencing and corrections data and developing policies to safely curtail prison growth. The work group recommended a package of policies which resulted in the Public Safety Improvement Act. Its purpose is to improve public safety by strengthening supervision, holding offenders more accountable, focusing prison space on violent and career criminals, and ensuring quality and sustainability of reforms while controlling corrections spending. The Act is projected to save State taxpayers approximately \$162 million in averted prison construction and operating expenses through 2022.

Significant changes were recommended for our criminal justice system to accomplish these provisions. They include enhancing and expanding drug and driving under the influence (DUI) courts, probation and parole supervision, collection of restitution, and training. New programs include two probation supervision programs combining drug testing with swift and certain sanctions, a statewide automated victim information and notification system, a parole supervision program for tribal communities, and reinvestment funding for counties who manage additional offenders locally. This Act also focuses on improved mental health and substance abuse treatment.

Juvenile Justice Reinvestment Initiative. Following the successful passage and implementation of the Public Safety Improvement Act, Governor Dugaard formed the South Dakota Juvenile Justice Reinvestment Initiative work group. The work group has submitted a set of policy recommendations to state leaders. During the 2015 Legislative

Session, these recommendations were codified and funding was appropriated to focus on expensive residential placements of youth, prevent deeper involvement in the juvenile justice system for youth committing lower level offenses, expand access to evidence-based community interventions, and ensure the quality and sustainability of reforms.

Sanford Underground Research Facility (SURF). SURF is a world-class facility for sensitive physics experiments requiring protection from the cosmic radiation bombarding the surface of the Earth. In 2007, the National Science Foundation (NSF) selected the Sanford Underground Research Facility (SURF), owned by the South Dakota Science and Technology Authority (SDSTA), as the site for a Deep Underground Science and Engineering Laboratory (DUSEL). In federal fiscal year 2012, the U.S. Department of Energy (DOE) began sponsoring SURF operations. Experiments now installed nearly a mile underground, protected by a thick layer of rock from cosmic noise, could yield answers to some of the deepest mysteries of modern physics in the next few years. The facility also hosts applied research, such as a project to improve the commercial production of ultra-pure germanium crystals and the use of exotic “extremophile” life forms which could boost production of bio-fuels. Fourteen research collaborations are active at Sanford Lab, and they include nearly 1,000 scientists from throughout the United States and Europe. Sanford Lab is poised to become one of the leading physics laboratories in the world, and 13 of the 14 research groups at the laboratory include scientists from South Dakota universities. In December 2012, the DOE approved the Long Baseline Neutrino Experiment (LBNE) to proceed with preliminary designs to construct a large detector at SURF. LBNE construction is projected to begin in 2016 and operations could run through approximately 2040. The NSF and DOE are also considering next generation dark matter (larger detector) as well as Nuclear Astrophysics experiments at SURF that could ensure operational funding through 2030 to 2040.

To further enhance the research to be conducted at SURF, Governor Dugaard proposed and the 2015 Legislature appropriated \$3,950,000 in general funds to provide upgrades to the Ross Shaft. This funding helps to assist with the long-term planning and operations of the facility and provide Ross Shaft upgrades that could lead to future multi-million dollar experiments.

South Dakota is positioning itself to take better advantage of this world-leading facility. A new physics doctoral program and better opportunities for graduate students will expand research opportunities for South Dakota students. SURF will help build the intellectual capital necessary for South Dakota to thrive in an innovation-rich economy.

Building South Dakota. The sunset of the SDCL 10-45B large project refund program and the defeat of referred law 14 left South Dakota without optimal economic development tools. In response, a bipartisan team of legislative leadership worked together to formulate a comprehensive economic development package with built in safeguards to ensure fiscal responsibility, transparency and accountability. The multi-faceted approach set forth in Senate Bill 235 from the 2013 Legislative Session focuses on education, housing, infrastructure, local economic development efforts, and large and small project needs. One component of the legislation provides for the Board of Economic Development to approve discretionary reinvestment payments, up to the amount of sales and use tax paid on project costs, for new or expanded facilities with a total project cost in excess of \$20 million, and for equipment upgrades with a total project cost in excess of \$2 million. This bill also creates the Building South Dakota fund, and allocates a one-time appropriation of \$7.0 million in fiscal year 2014 for the initial capitalization of the fund.

Senate Bill 158 from the 2014 Legislative Session was passed and signed by the Governor. This bill amends the ongoing funding mechanism for the Building South Dakota Fund. Instead of using unclaimed property revenue, the bill guarantees a lump sum of funds to ensure adequate resources for multiple years. This funding mechanism occurs if the budget reserve and property tax reduction fund combined has a cash balance over 10% of the general fund appropriations from the general appropriations act for the prior year. Also, the combined cash balances of the Building South Dakota fund and its subfunds would receive additional year end funds not to exceed 1% of the general fund appropriations in the general appropriations act for the previous fiscal year. In the 2014 Legislative Session, Senate Bill 157 appropriated \$30 million to the Building South Dakota fund, with \$10 million being disbursed to the five subfunds each fiscal year starting in fiscal year 2014.

The Building South Dakota fund is allocated as follows:

- 30% to the Workforce Education fund to provide grants to schools to fund the limited English proficiency adjustment and provide grants for secondary career and technical education programs
- 25% to the South Dakota Housing Opportunity fund to preserve and expand sustainable, affordable and safe housing targeted at low and moderate income families and individuals

- 25% to the Local Infrastructure Improvement grant fund to issue grants to political subdivisions or local development corporations to construct or reconstruct infrastructure for the purpose of serving economic development projects
- 15% to the Economic Development Partnership fund to issue grants to nonprofit development corporations, municipalities, counties, or other political subdivisions of this state on a matching basis for the purpose of development or expanding local, community, and economic development programs
- 5% to the Revolving Economic Development and Initiative fund to provide grants to projects having a total project cost of less than twenty million dollars

ACKNOWLEDGMENTS

The preparation of this report required the collective efforts of numerous financial personnel throughout the State from various agencies and departments. I sincerely appreciate the dedicated efforts of all of these individuals. I would also like to recognize and commend the efforts of the accounting staff of each State agency, the Bureau of Finance and Management, and the staff of the Department of Legislative Audit for their talents in making this report possible.

This report continues our commitment to the citizens of the State of South Dakota, the Governor, the Legislature, and the financial community, to maintain the highest standards of accountability and financial reporting.

Respectfully Submitted,



Jason C. Dilges, Chief Financial Officer
Bureau of Finance and Management



SOUTH DAKOTA

FY2015 PRINCIPAL STATE OFFICIALS

EXECUTIVE BRANCH

The Honorable Dennis Daugaard, Governor
The Honorable Matt Michels, Lieutenant Governor

CONSTITUTIONAL OFFICERS

The Honorable Marty J. Jackley, Attorney General
The Honorable Shantel Krebs, Secretary of State
The Honorable Rich Sattgast, Treasurer
The Honorable Steve Barnett, Auditor
The Honorable Ryan Brunner, Commissioner, School and Public Lands

PUBLIC UTILITIES COMMISSION

The Honorable Kristie Fiegen, Commissioner
The Honorable Gary Hanson, Commissioner
The Honorable Chris Nelson, Commissioner

LEGISLATIVE BRANCH

The Honorable Dean Wink
Speaker of the House

The Honorable Tim Rave
Senate Majority Leader

The Honorable Billie Sutton
Senate Minority Leader

The Honorable Brian Gosch
House Majority Leader

The Honorable Spencer Hawley
House Minority Leader

JUDICIAL BRANCH

The Honorable David E. Gilbertson
Chief Justice

The Honorable Steven L. Zinter
Associate Justice

The Honorable Glen A. Severson
Associate Justice

The Honorable Lori S. Wilbur
Associate Justice

The Honorable Janine M. Kern
Associate Justice

SOUTH DAKOTA

FY2015 FUNCTIONS OF STATE GOVERNMENT

GENERAL GOVERNMENT

Executive Management
Revenue
Lottery
Legislature
School and Public Lands
Secretary of State
State Treasurer
State Auditor

HEALTH, HUMAN, AND SOCIAL SERVICES

Social Services
Health
Labor and Regulation
Veterans' Affairs
Human Services
Retirement System

LAW, JUSTICE, PUBLIC PROTECTION, AND REGULATION

Corrections
Unified Judicial System
Attorney General
Public Safety
Military
Appraiser Program
Labor Financial Services
Labor Boards and Commissions
Revenue – Commission on Gaming
Public Utilities Commission

AGRICULTURE AND NATURAL RESOURCES

Agriculture
Game, Fish and Parks
Environment and Natural Resources

TRANSPORTATION

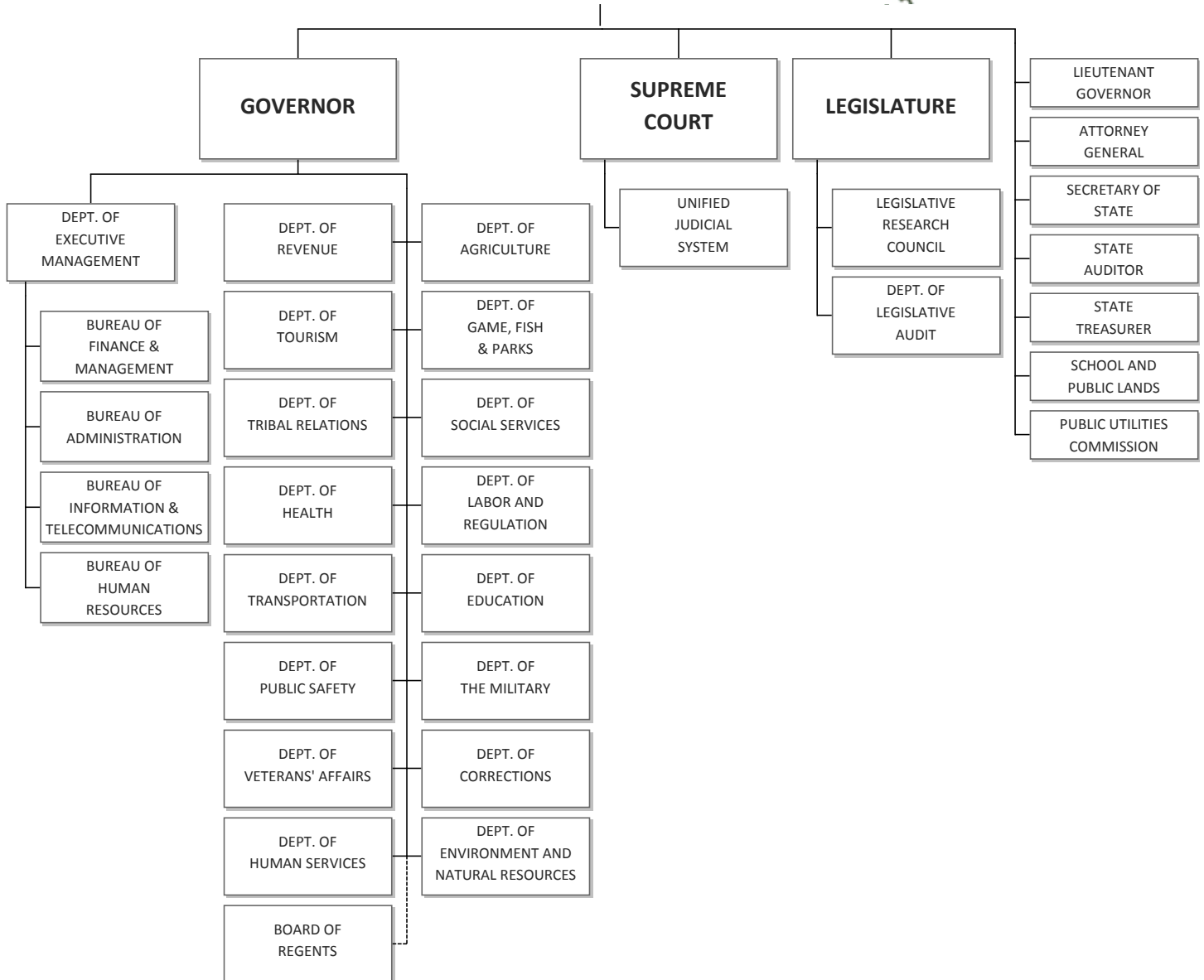
Transportation

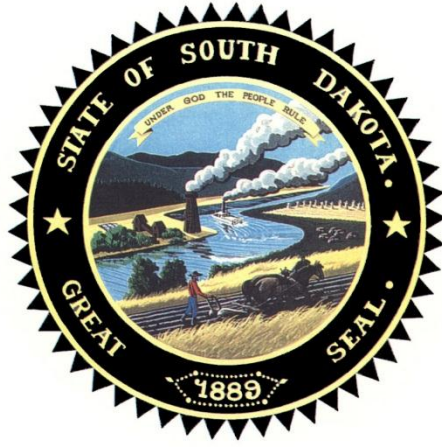
EDUCATION

Education
Elementary, Secondary, and Vocational
Schools
Higher Education
State Aid to Universities

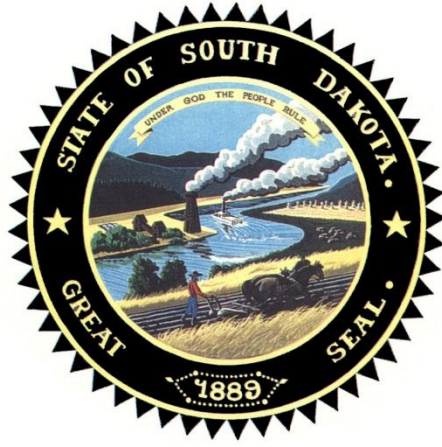
ECONOMIC RESOURCES

Tourism
Economic Development
Tribal Relations





FINANCIAL SECTION



FINANCIAL SECTION



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C/O 500 EAST CAPITOL
PIERRE SD 57501-5070
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MARTIN L. GUINDON, CPA
AUDITOR GENERAL

INDEPENDENT AUDITOR'S REPORT

The Honorable Dennis Daugaard
Governor of South Dakota

and

Members of the Legislature
State of South Dakota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of South Dakota, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the State's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Unemployment Insurance Fund, the South Dakota Retirement System, the South Dakota Housing Development Authority, the South Dakota Ellsworth Development Authority and certain foundations of Higher Education. Those financial statements reflect total assets and deferred outflows and revenues and additions of the business-type activities, the aggregate discretely presented component units, and the aggregate remaining fund information as follows:

| | Percent of <u>Total Assets*</u> | Percent of Total <u>Revenues/Additions</u> |
|---|------------------------------------|---|
| Government-wide financial statements: | | |
| Business-type activities: | | |
| Unemployment Insurance Fund | 9.9% | 16.8% |
| Fund financial statements: | | |
| Aggregate discretely presented component units: | | |
| South Dakota Housing Authority | 40.8% | 10.1% |
| South Dakota Ellsworth Development Authority | .8% | .3% |
| Foundations of Higher Education | 15.7% | 10.7% |
| Aggregate remaining fund information: | | |
| Unemployment Insurance Fund | .7% | 1.6% |
| South Dakota Retirement System | 88.2% | 22.9% |

* including deferred outflows

Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for these entities, are based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the discretely presented component units (foundations) of Higher Education were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 2 to the financial statements, the State implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*. As discussed in Note 2 to the financial statements, the implementation of these standards resulted in a restatement of beginning net position. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 17 through 35, the budgetary comparison schedules on pages 114 through 129, and the Schedules of Proportionate Share of the Net Pension Liability (Asset) and Employer Contributions on page 130 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State's basic financial statements. The combining and individual fund financial statements on pages 132 through 167 and the introductory and statistical sections on pages 1 through 8 and 169 through 188, respectively, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of other auditors, the combining and individual fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 22, 2016 on our consideration of the State's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State's internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to read "Martin L. Guindon". The signature is stylized with a large, looped "M" and a cursive "Guindon".

Martin L. Guindon, CPA
Auditor General

January 22, 2016



MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is a discussion and analysis of the State of South Dakota's (hereinafter referred to as the State) financial performance and position, providing an overview of the State's financial activities for the fiscal year ended June 30, 2015. This document begins with a one page summary of financial highlights, followed by a more detailed overview of the financial statements and financial analysis. Please read it in conjunction with the transmittal letter in the Introductory Section of this report and with the State's financial statements that follow this section.

FINANCIAL HIGHLIGHT SUMMARY

Government-wide

- Total assets and deferred outflows of resources of the State exceeded its total liabilities and deferred inflows of resources at the close of the fiscal year by \$6.1 billion (reported as net position). Of this amount \$5.3 billion is restricted for specific uses or invested in capital assets. The remaining \$0.9 billion is unrestricted and may be used to meet the government's ongoing obligations. However, certain resources within this unrestricted net position have internally imposed limitations that are discussed within the *Government-wide Financial Analysis* section of this document.
- The State's total net position increased by \$162.0 million, or 4.2% from the prior year. Net position of governmental activities increased by \$123.5 million, or 3.9%, while net position of business-type activities increased by \$38.5 million, or 6.8% over the prior year.
- The State reported a net pension asset of \$159.0 million during the fiscal year.
- Component units reported total net position of \$2.0 billion, an increase of \$106.2 million, or 5.7% from the prior year.

Fund Level

- The State's governmental funds reported combined ending fund balances of \$1.8 billion, an increase of \$35.6 million, or 2.0% from the prior year. Of the \$1.8 billion in combined ending fund balance, \$505.0 million is nonspendable and \$960.2 million is restricted by outside sources or enabling legislation. Another \$51.1 million is committed by state law and \$147.8 million has been assigned for various specific purposes. The remaining \$179.9 million is unassigned. Please refer to the Notes to the Financial Statements for further explanation and breakdown of these balances. Certain resources within the \$179.9 million of the unassigned fund balance have internally imposed limitations that are discussed throughout the *Financial Analysis of the State's Funds* section of this document and the Notes to the Financial Statements.
- At the end of the fiscal year, the General Fund had a fund balance of \$318.1 million. This includes General Fund Budget Reserve and Property Tax Reduction Fund balances of \$126.7 million and \$44.6 million, respectively.
- The State's three trust funds (Dakota Cement Trust, Education Enhancement Trust and Health Care Trust, reported as special revenue funds) and the State's Permanent Fund all grew in value during the fiscal year. After transferring a combined amount of \$32.5 million to the General Fund and \$0.7 million to other special revenue funds, these funds closed the year with a combined ending fund balance of \$981.5 million, an increase of \$14.6 million.
- Proprietary funds reported net position at year-end of \$695.1 million, an increase of \$53.8 million, or 8.4% from the prior year.

Long-Term Debt

- The primary government's total long-term debt (Revenue Bonds, Trust Certificates and Capital Leases) as of June 30, 2015, totaled \$555.5 million, an increase of \$55.3 million from the last fiscal year-end. The increase represents the net difference between new issuances, payments and refunding of outstanding debt.
- The South Dakota Building Authority issued \$23.8 million in revenue bonds for Governmental Activities. The South Dakota Conservancy District issued \$59.8 million in revenue bonds for Business-type Activities. The South Dakota Building Authority issued \$87.7 million in revenue bonds for Higher Education.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the State's Basic Financial Statements. The State's Basic Financial Statements are comprised of three components: (1) Government-wide Financial Statements, (2) Fund Financial Statements, and (3) Notes to the Financial Statements. This report also contains Required Supplementary Information and Other Supplementary Information in addition to the Basic Financial Statements.

Government-wide Financial Statements (Reporting the State as a whole)

The Government-wide Financial Statements are designed to provide readers with a broad overview of the State's finances in a manner similar to a private-sector business. The statements provide both short-term and long-term information about the State's financial position that aids in assessing the State's economic condition at the end of the fiscal year. These statements include all nonfiduciary assets and liabilities, using the flow of economic resources measurement focus and the accrual basis of accounting. The current year's revenues and expenses are taken into account, regardless of when cash is received or paid. The Government-wide Financial Statements include two statements:

- *The Statement of Net Position* presents information on all of the State's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between them being reported as net position. Over an extended period of time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the State is improving or deteriorating.
- *The Statement of Activities* presents information depicting how the State's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both the Statement of Net Position and the Statement of Activities segregate the activities of the State into three types:

- *Governmental Activities.* The governmental activities of the State include the following:
 - General government
 - Education – elementary, secondary and vocational schools
 - Education – state support to higher education
 - Health, human and social services
 - Law, justice, public protection and regulation
 - Agriculture and natural resources
 - Economic resources
 - Transportation
 - Intergovernmental – payments to school districts
 - Intergovernmental – revenue sharing
 - Unallocated interest expense
 - Unallocated depreciation

Taxes, fees, unrestricted investment earnings, and intergovernmental revenues (federal grants) finance most of the costs of these activities.

- *Business-type Activities.* The State charges fees to customers to help cover all or most of the costs of certain services it provides. The Lottery Fund is an example of a business-type activity.

- *Discretely Presented Component Units.* Component units are legally separate organizations for which the State is financially accountable, or the nature and significance of the unit's relationship with the State is such that exclusion of the unit would cause the State's financial statements to be misleading or incomplete. The following entities are included in the component unit columns of the State's Government-wide Financial Statements:

- Higher Education
- South Dakota Housing Development Authority
- South Dakota Science and Technology Authority
- South Dakota Economic Development Finance Authority
- South Dakota Ellsworth Development Authority
- South Dakota Value Added Finance Authority

Other component units are blended and reported as part of primary government or considered related organizations and not reported in these financial statements. For additional information regarding component units, refer to the Notes to the Financial Statements.

Fund Financial Statements

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The State, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Some funds are required by law, while others are established internally to maintain control over a particular activity. All funds of the State can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. It is important to note that these categories use different accounting approaches and should be interpreted differently.

- *Governmental Funds.* Most of the State's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for future spending. The Governmental Fund Financial Statements provide a detailed short-term view of the State's general government operations and the basic services it provides. Governmental fund information helps determine the financial resources that can be spent in the near future to finance the State's programs. These funds are reported using modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. Governmental funds include the General Fund, special revenue, capital projects, debt service, and permanent funds.

Since the focus of governmental funds is narrower than that of the Government-wide Financial Statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the Government-wide Financial Statements. By doing so, readers may better understand the long-term impact of the State's short-term financing decisions. Both the Governmental Funds Balance Sheet and the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are presented on the page immediately following each governmental fund's financial statements.

The State maintains several individual governmental funds. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Transportation Fund, Social Services Federal Fund, Dakota Cement Trust Fund, and Education Enhancement Trust Fund, which are considered to be major funds. Data from the remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for some nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

- *Proprietary Funds.* Proprietary funds include: (1) enterprise funds and (2) internal service funds. These funds account for the State's activities that operate much like private sector businesses. Like the Government-wide Financial Statements, proprietary fund statements are presented using the accrual basis of accounting.

1. Enterprise funds (e.g., Lottery Fund) are used to account for activities that largely involve customers outside of state government and are reported as business-type activities in the Government-wide Financial Statements.

2. Internal service funds (e.g., Fleet and Travel Management) are used to account for activities that largely involve other state agencies. The internal service fund activities are consolidated with the governmental activities in the Government-wide Financial Statements because those services predominantly benefit governmental rather than business-type activities.

The State maintains several individual proprietary funds. The following three are considered major funds: Lottery Fund, Clean Water State Revolving Fund, and Drinking Water State Revolving Fund. These three proprietary funds are presented separately in the Proprietary Funds Statement of Net Position and Statement of Revenues, Expenses, and Changes in Net Position. Information from the remaining funds is combined into two separate, aggregated columns by proprietary fund type. Individual fund data for some nonmajor proprietary funds is provided in the form of combining statements elsewhere in this report.

- *Fiduciary Funds.* Fiduciary funds (e.g., South Dakota Retirement System) are used to report activities when the State acts as a trustee or fiduciary to hold resources for the benefit of parties outside state government. The accrual basis of accounting is used for fiduciary funds and is similar to the accounting used for proprietary funds. The Government-wide Financial Statements exclude fiduciary fund activities and balances because these assets are restricted in purpose and cannot be used by the State to finance operations.

The State's fiduciary funds include pension trust funds, private purpose trust funds, and agency funds. Individual fund data for some of the fiduciary funds is included in the Combining Financial Statements elsewhere in this report.

Notes to the Financial Statements

The Notes to the Financial Statements are an integral part of the financial statements and provide additional narrative and financial information essential to fully understand the data provided in the Government-wide Financial Statements and the Fund Financial Statements. The Notes to the Financial Statements are located immediately following the fiduciary funds' financial statements.

Required Supplementary Information

The Basic Financial Statements are followed by a section of Required Supplementary Information. This section includes Budgetary Comparison Schedules and related notes; and two pension related schedules.

The Budgetary Comparison Schedules are for the General Fund and for each major special revenue fund that has a legally adopted annual budget. The only special revenue funds that fit this criterion are the Transportation Fund and the Social Services Federal Fund. These schedules present both the original and the final appropriated budgets for the fiscal year. The Budgetary Comparison Schedule also lists the actual outflows and balances stated on a budgetary basis. A variance column is included to compare the final appropriated budget with the actual budget results.

Because accounting principles used to present budgetary basis differ significantly from those used to present financial statements in conformity with Generally Accepted Accounting Principles (GAAP), a Budget-to-GAAP Reconciliation can be found immediately following the Budgetary Comparison Schedule. The Budget-to-GAAP Reconciliation explains the differences between budgetary outflows and GAAP expenditures.

The pension related schedules include a Schedule of Proportionate Share of Net Pension Liability (Asset) and a Schedule of Contributions. The first schedule highlights key amounts relating to State's share of the Net Pension Liability (Asset). The second schedule illustrates contributions as a percentage of the State's covered-employee payroll.

Other Supplementary Information

Other Supplementary Information includes Combining Financial Statements for nonmajor governmental funds, proprietary funds, fiduciary funds, and component units that are incorporated into the Basic Financial Statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

As presented in the following table, total assets and deferred outflows of resources of the State on June 30, 2015 were \$7.4 billion, while total liabilities and deferred inflows of resources were \$1.2 billion, resulting in combined net position (governmental and business-type activities) of \$6.1 billion a 4.2% increase from the previous year. This increase in total net position reflects the growing South Dakota economy and sound management of the State's resources.

State of South Dakota
Net Position as of June 30
(Expressed in Thousands)

| | Governmental Activities | | Business-type Activities | | Total Primary Government | | % of Change |
|--|--------------------------------|---------------------|---------------------------------|-------------------|---------------------------------|---------------------|--------------------|
| | FY2015 | FY2014 | FY2015 | FY2014 | FY2015 | FY2014 | |
| Current and Other Assets | \$ 2,467,859 | \$ 2,259,060 | \$ 907,044 | \$ 806,520 | \$ 3,374,903 | \$ 3,065,580 | 10.1% |
| Capital Assets, as restated | 3,865,996 | 3,818,401 | 2,811 | 3,650 | 3,868,807 | 3,822,051 | 1.2% |
| Total Assets, as restated | 6,333,855 | 6,077,461 | 909,855 | 810,170 | 7,243,710 | 6,887,631 | 5.2% |
| Deferred Outflows of Resources | 144,395 | 5,341 | 9,199 | 6,742 | 153,594 | 12,083 | |
| Current and Other Liabilities | 359,104 | 356,610 | 15,560 | 14,616 | 374,664 | 371,226 | 0.9% |
| Long-Term Liabilities Outstanding, as restated | 423,276 | 417,445 | 266,084 | 209,239 | 689,360 | 626,684 | 10.0% |
| Total Liabilities, as restated | 782,380 | 774,055 | 281,644 | 223,855 | 1,064,024 | 997,910 | 6.6% |
| Deferred Inflows of Resources | 180,116 | | 4,029 | | 184,145 | | |
| Net Position: | | | | | | | |
| Net Investment in Capital Assets, as restated | 3,713,057 | 3,692,913 | 2,810 | 3,650 | 3,715,867 | 3,696,563 | 0.5% |
| Restricted | 1,537,781 | 1,383,140 | 6,155 | 912 | 1,543,936 | 1,384,052 | 11.6% |
| Unrestricted, as restated | 264,916 | 232,694 | 624,416 | 588,495 | 889,332 | 821,189 | 8.3% |
| Total Net Position, as restated | \$ 5,515,754 | \$ 5,308,747 | \$ 633,381 | \$ 593,057 | \$ 6,149,135 | \$ 5,901,804 | 4.2% |
| Percent of Total Primary Government Net Position | 89.7% | 90.0% | 10.3% | 10.0% | 100.0% | 100.0% | |

In fiscal year 2015, Governmental Activities accounted for 89.7% of the State's total net position and Business-type Activities accounted for 10.3% as compared to 90.0% and 10.0% in the prior fiscal year.

Net Investment in Capital Assets

The largest component of the State's net position, \$3.7 billion or 62.6%, reflects investments in capital assets (land; land improvements; land improvements – roads; buildings; equipment; vehicles; infrastructure; and construction in progress), less depreciation and all outstanding debt that was issued to buy or build those assets. This represents a \$19.3 million, or 0.5% increase in the State's investment in capital assets from the prior year. The State uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the State's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

Restricted Net Position

Total restricted net position at year end was \$1.5 billion, or 23.5%, of total net position, an increase of \$159.9 million, or 11.6% from the prior year. The net position is subject to restrictions either: (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws/regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation on how they can be used.

A majority of the restricted net position is accounted for in the State's three trust funds and the State's Permanent fund. As discussed later in this document, two of these trust funds (Education Enhancement Trust and Health Care Trust) and the Permanent fund are held as permanent investments, either as expendable (\$197.4 million) or nonexpendable (\$478.8 million), and the third (Dakota Cement Trust) is restricted for education (\$305.4 million).

The combined fund balance of these four funds totals \$981.5 million. Aside from the constitutionally authorized annual distributions, these funds can only be accessed through a constitutional amendment (Dakota Cement Trust and Permanent Fund) or by a three-fourths vote of the legislature (Health Care Trust Fund and Education Enhancement Trust).

The remaining \$562.4 million of restricted net position is restricted for highways (\$140.5 million), pensions (\$116.7 million) agriculture and natural resources (\$79.7 million), economic development (\$56.3 million), railroads (\$42.9 million), debt service (\$28.4 million), and the remaining amount for other purposes.

The reporting of pensions pursuant to GASB Statements 68 and 71 accounted for \$116.7 million of the \$159.9 million increase in restricted net position. An additional \$26.4 million and \$14.6 million is attributed to growth in the Transportation fund and increases in fund balance of the three trust funds and the Permanent fund, respectively, due to growth in investments from favorable market conditions and sound investment strategies.

Unrestricted Net Position

The remaining net position balance, \$889.3 million, is defined by accounting standards as “unrestricted” net position. However, much of the unrestricted net position balances cannot be used to meet the State’s general ongoing obligations to citizens and creditors as resources because of limitations imposed by federal regulations, bond covenants, constitutional provision, or state law. Limitations on unrestricted net position imposed by federal regulations and bond covenants include \$218.1 million within the Clean Water State Revolving Fund and \$168.6 million within the Drinking Water State Revolving Fund. Other federal and state regulation limitations include, but are not limited to, \$110.3 million within the Revolving Economic Development and Initiative Fund, \$91.0 million for unemployment insurance claims, \$8.3 million for revolving loan programs, and \$3.4 million for health and public assistance.

Those funds with limitations imposed by State Law include the following:

- *General Fund Budget Reserve (\$126.7 million).* The 1991 South Dakota Legislature established a General Fund Budget Reserve whereas expenditures out of the budget reserve fund shall only be used by special appropriation (which requires a two-thirds vote of all the members of each house of the Legislature) and shall only redress such unforeseen expenditure obligations or such unforeseen revenue shortfalls as may constitute an emergency pursuant to S.D. Const., Art. III, § 1. The balance in the General Fund Budget Reserve at June 30, 2015 was \$126.7 million, an increase of \$21.5 million from the prior year.
- *Property Tax Reduction Fund (\$44.6 million).* Senate Bill 225, passed during the 1996 legislative session, created the “Property Tax Reduction Fund” (PTRF). Its intent is to fund property tax relief in South Dakota by decreasing local effect and increasing the State’s share in funding education. This law provides that the Commissioner of Bureau of Finance and Management may transfer monies available from the PTRF to the General Fund to provide property tax relief through state aid to education. Revenues deposited in the PTRF come from four sources: (1) 49.5% of video lottery net machine income; (2) 60% of the revenue from the 4% tax on the gross receipts of telecommunications services; (3) 33% share of revenue generated from the tobacco tax in excess of \$35 million; (4) transfers from the Wind Energy Tax Fund; and (5) unobligated cash remaining at the end of a fiscal year after the transfer into the Budget Reserve, if the amount in the PTRF does not exceed 15% of the General Fund appropriations in the General Appropriations Act for the previous fiscal year. This statutorily created fund does not qualify as a special revenue fund under GASB 54 and is reported as a subfund of the General Fund for financial reporting purposes. The fund balance in the PTRF at June 30, 2015 was \$44.6 million, a decrease of \$3.6 million from the previous year. The PTRF provided \$112.7 million in property tax relief through state aid to education in fiscal year 2015.

Passage of House Bill 1050 in the 2015 Legislative Session changed the PTRF. This bill repealed the PTRF and in fiscal year 2016 allows current receipts of the PTRF to instead flow directly into the General Fund and this fund balance to be placed in a new sub-fund of the General Fund.

Changes in Net Position

The following table summarizes financial information derived from the Government-Wide Statement of Activities and reflects how the State's net position changed during fiscal year 2015:

State of South Dakota
Change in Net Position
for the Fiscal Year Ending June 30
(Expressed in Thousands)

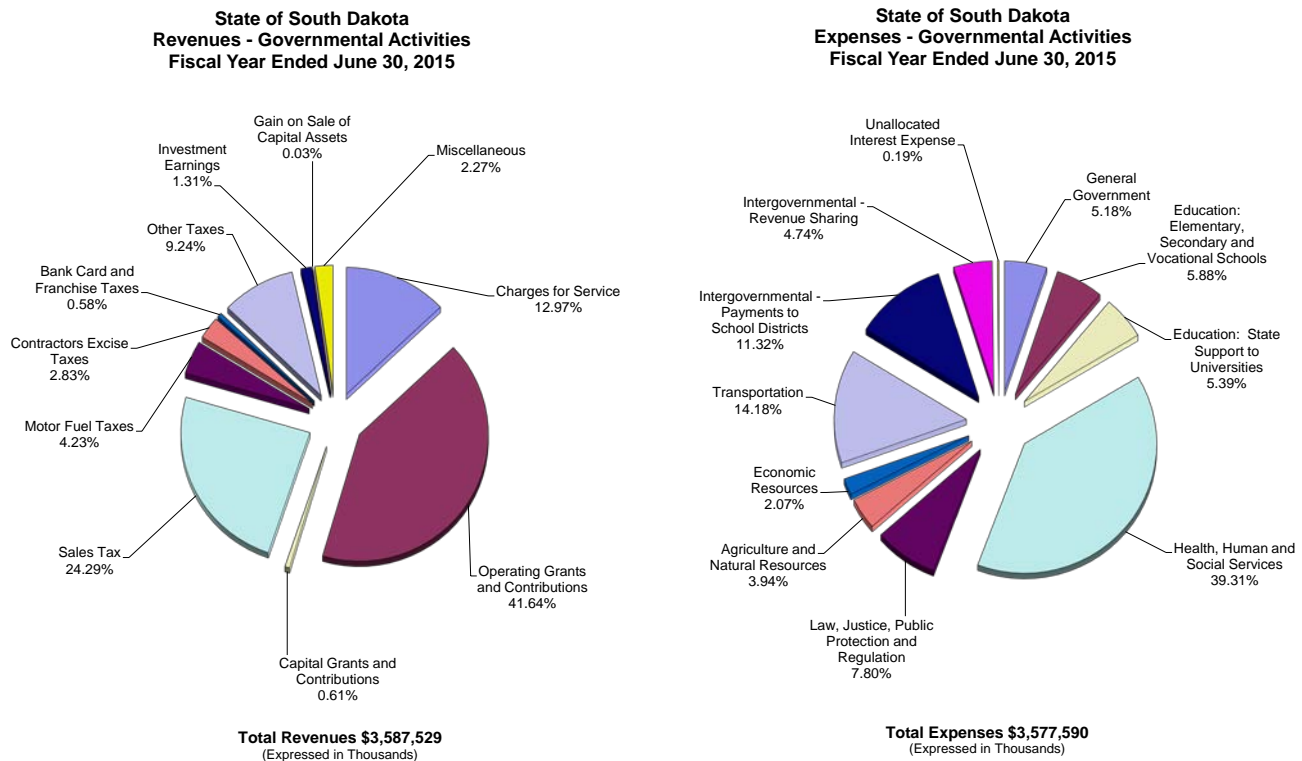
| | Governmental Activities | | Business-type Activities | | Total Primary Government | | % of |
|--|--------------------------------|---------------------|---------------------------------|-------------------|---------------------------------|---------------------|---------------|
| | FY2015 | FY2014 | FY2015 | FY2014 | FY2015 | FY2014 | Change |
| Revenues: | | | | | | | |
| Program Revenues: | | | | | | | |
| Charges for Service | \$ 465,139 | \$ 436,465 | \$ 234,658 | \$ 240,350 | \$ 699,797 | \$ 676,815 | 3.4% |
| Operating Grants and Contributions | 1,493,542 | 1,582,641 | 30,005 | 33,994 | 1,523,547 | 1,616,635 | (5.8)% |
| Capital Grants and Contributions | 21,946 | 1,516 | 2,810 | | 24,756 | 1,516 | 1533.0% |
| General Revenues: | | | | | | | |
| Sales Taxes | 871,402 | 858,001 | | | 871,402 | 858,001 | 1.6% |
| Motor Fuel Taxes | 151,901 | 136,395 | | | 151,901 | 136,395 | 11.4% |
| Contractors Excise Taxes | 101,678 | 93,746 | | | 101,678 | 93,746 | 8.5% |
| Bank Card and Franchise Taxes | 20,669 | 23,943 | | | 20,669 | 23,943 | (13.7)% |
| Other Taxes | 331,649 | 311,397 | | | 331,649 | 311,397 | 6.5% |
| Investment Earnings | 47,130 | 142,003 | | | 47,130 | 142,003 | (66.8)% |
| Gain on Sale of Capital Assets | 1,198 | 2,726 | | | 1,198 | 2,726 | (56.1)% |
| Miscellaneous | 81,275 | 133,988 | | | 81,275 | 133,988 | (39.3)% |
| Total Revenues | 3,587,529 | 3,722,821 | 267,473 | 274,344 | 3,855,002 | 3,997,165 | (3.6)% |
| Program Expenses: | | | | | | | |
| General Government, as restated | 185,273 | 180,193 | | | 185,273 | 180,193 | 2.8% |
| Education – Elementary, Secondary and Vocational Schools, as restated | 210,271 | 206,997 | | | 210,271 | 206,997 | 1.6% |
| Education – State Support to Higher Education | 192,950 | 219,341 | | | 192,950 | 219,341 | (12.0)% |
| Health, Human and Social Services | 1,406,586 | 1,380,648 | | | 1,406,586 | 1,380,648 | 1.9% |
| Law, Justice, Public Protection and Regulation | 279,097 | 321,186 | | | 279,097 | 321,186 | (13.1)% |
| Agriculture and Natural Resources | 140,921 | 152,666 | | | 140,921 | 152,666 | (7.7)% |
| Economic Resources | 74,004 | 40,121 | | | 74,004 | 40,121 | 84.5% |
| Transportation, as restated | 507,300 | 473,550 | | | 507,300 | 473,550 | 7.1% |
| Intergovernmental – Payments to School Districts | 404,909 | 393,606 | | | 404,909 | 393,606 | 2.9% |
| Intergovernmental – Revenue Sharing | 169,514 | 161,564 | | | 169,514 | 161,564 | 4.9% |
| Unallocated Interest Expense | 6,712 | 9,198 | | | 6,712 | 9,198 | (27.0)% |
| Unallocated Depreciation | 53 | 53 | | | 53 | 53 | 0.0% |
| Lottery | | | 41,053 | 42,806 | 41,053 | 42,806 | (4.1)% |
| Clean Water State Revolving | | | 9,673 | 9,879 | 9,673 | 9,879 | (2.1)% |
| Drinking Water State Revolving | | | 8,651 | 9,352 | 8,651 | 9,352 | (7.5)% |
| Other | | | 56,081 | 66,042 | 56,081 | 66,042 | (15.1)% |
| Total Expenses | 3,577,590 | 3,539,123 | 115,458 | 128,079 | 3,693,048 | 3,667,202 | 0.7% |
| Excess (Deficiency) Before Transfers | 9,939 | 183,698 | 152,015 | 146,265 | 161,954 | 329,963 | |
| Special Items | | 17,619 | | | 0 | 17,619 | |
| Transfers | 113,558 | 102,937 | (113,558) | (102,937) | 0 | 0 | |
| Change in Net Position | 123,497 | 304,254 | 38,457 | 43,328 | 161,954 | 347,582 | |
| Net Position – Beginning, as restated | 5,308,747 | 5,004,493 | 593,057 | 549,729 | 5,901,804 | 5,554,222 | |
| Restatement - implementation of GASB 68 & 71 | 83,510 | | 1,867 | | 85,377 | | |
| Adjusted Net Position - Beginning | 5,392,257 | 5,004,493 | 594,924 | 549,729 | 5,987,181 | 5,554,222 | |
| Net Position – Ending, as restated | \$ 5,515,754 | \$ 5,308,747 | \$ 633,381 | \$ 593,057 | \$ 6,149,135 | \$ 5,901,804 | |
| Percent Change in Total Net Position from prior year | 3.9% | | 6.8% | | 4.2% | | |

Governmental Activities:

The State's net position for Governmental Activities at the end of fiscal year 2015 was \$5.5 billion. This represents an increase of 3.9% or \$207.0 million; \$123.5 million from current operations and \$83.5 million from GASB 68 and 71 restatements. This was the result of the net effect of the following: (1) \$3.6 billion revenues (a decrease from the prior year of \$135.3 million); less (2) \$3.6 billion expenses (an increase over the prior year of \$38.5 million); plus (3) net transfers of \$113.6 million (primarily from the South Dakota Lottery).

- The decrease in revenues was primarily due to an \$89.1 million decrease in operating grants and contributions; and a \$94.9 million decrease in investment earnings. These decreases were offset by an increase of \$36.8 million in sales taxes, motor fuel taxes, and contractors excise tax revenues; which are attributed to the growing and expanding South Dakota economy.
- The increase in expenses was primarily due to \$33.9 million, \$33.8 million, and \$25.9 million increases to economic resources; transportation; and health, human, and social services functions of government. These increases were offset by \$42.1 million and \$26.4 million reductions in law, justice, public protection, and regulation; and state aid to higher education expenditures, respectively.

The following two charts illustrate the above program revenues and expenses for Governmental Activities for fiscal year ending June 30, 2015:



This fiscal year, the State received 41.6% of its revenues from grants and contributions, and 24.3% from sales tax. In the previous year, grant and contributions accounted for 42.5% and 23.1% from sales tax. Charges for service accounted for 13.0% as compared to 11.7% in the prior fiscal year.

In fiscal year 2015, health, human and social services (taking care of people) accounted for 39.3% of the State's expenses, followed by 22.6% to education (K-12 and post-secondary), 14.2% to transportation (constructing and maintain roads and bridges) and 7.8% for law, justice, public protection, and regulation (protecting people).

Business-type Activities:

Net position of the business-type activities at the end of fiscal year 2015 was \$633.4 million, an increase of \$38.5 million due to total revenues exceeding total expenses and transfers out. Although net position for Business-type Activities only accounts for roughly 10.3% of the total net position, Business-type Activities provided \$113.6 million in net transfers to Governmental Activities to help fund current operations, most of which came from the South Dakota Lottery.

FINANCIAL ANALYSIS OF THE STATE'S FUNDS

As noted earlier, the State uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Some funds are required by law, while others are established internally to maintain control over a particular activity.

Governmental Funds

The focus of the State's governmental funds is to provide information on near-term inflows and outflows during the fiscal year and on balances of spendable resources as of fiscal year-end. Such information is useful in assessing the State's financing requirements. In particular, fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. However, this measure must be used with care because large portions of the balance may relate to internally imposed limitations, such as constitutional or statutory language, which could limit resource use (e.g., General Fund Budget Reserve, Dakota Cement Trust Fund, Health Care Trust Fund, Education Enhancement Trust Fund, Property Tax Reduction Fund, and Permanent Fund), unless appropriated by legislative action as defined by State law.

As shown in the table below, at the end of the current fiscal year, the State's governmental funds reported combined ending fund balances of \$1.8 billion, an increase of \$35.6 million during the year. Of this amount, approximately 27.4%, or \$505.0 million of the combined ending fund balances is nonspendable; either due to its form or legal constraints. The nonspendable portion is predominately made up of the Education Enhancement Trust and the Health Care Trust funds to be held as permanent investments. Approximately 52.1%, or \$960.2 million of the combined ending fund balances is restricted by outside sources or enabling legislation. 2.8%, or \$51.1 million of the combined balance is committed by state law and 8.0%, or \$147.8 million, has been assigned internally for specific purposes. The remaining \$179.9 million or 9.7% is unassigned according to GASB Statement 54. Certain resources within the \$179.9 million of the unassigned fund balance have other internally imposed limitations as discussed below. (Please refer to Notes to the Financial Statements for a further explanation and breakdown of these balances.)

State of South Dakota
Governmental Fund Balance as of June 30, 2015
(Expressed in Thousands)

| | General Fund | Transportation | Social Services Federal | Dakota Cement Trust | Education Enhancement Trust | Nonmajor | Total | % of Total Fund Balance |
|----------------------------|-------------------|-------------------|-------------------------------|---------------------------|-----------------------------------|-------------------|---------------------|----------------------------------|
| Nonspendable | \$ 3,911 | \$ 18,704 | \$ 163 | \$ | \$ 347,252 | \$ 134,974 | \$ 505,004 | 27.4% |
| Restricted | 10,479 | 132,575 | | 305,395 | 149,877 | 361,866 | 960,192 | 52.1% |
| Committed | | | | | | 51,119 | 51,119 | 2.8% |
| Assigned | 120,180 | | 1,216 | | | 26,417 | 147,813 | 8.0% |
| Unassigned | 183,570 | | | | | (3,624) | 179,946 | 9.7% |
| Total Fund Balances | \$ 318,140 | \$ 151,279 | \$ 1,379 | \$ 305,395 | \$ 497,129 | \$ 570,752 | \$ 1,844,074 | |
| % Change from prior year | (0.7)% | 21.1% | 0.6% | 1.0% | 1.9% | (0.2)% | 2.0% | |

The following governmental funds are major funds and had significant impact on the State's financial position during fiscal year 2015:

General Fund (\$318.1 million).

The General Fund is the chief operating fund of the State. It accounts for all financial resources not accounted for and reported in another fund.

The General Fund receives a majority of its operating cash from sales and use tax, and contactor's excise tax revenue. Other General Fund tax revenues include, but are not limited to, unclaimed property remittance, bank taxes, cigarette excise tax, tourism tax, mineral tax, alcoholic beverage tax, and insurance company tax. The General Fund also receives annual statutory transfers from the South Dakota Lottery Fund, the Securities and Insurance Fund, the Education Enhancement Trust Fund, the Dakota Cement Trust Fund, Education Enhancement Tobacco Tax Fund, the South Dakota Gaming Commission Fund, and the Health Care Trust Fund.

A vast majority of the General Fund expenditures are for education (K-12 and post-secondary); health, human, and social services (taking care of people); and law, justice, public protection, and regulation (protecting people). The General Fund also makes annual transfers out for debt service and to various other funds.

The exhibit below details the General Fund revenue, expenditures, and transfers in a comparative table.

State of South Dakota
Change in Revenue, Expenditures and Transfers
General Fund
(Expressed in Thousands)

| Revenues and Transfers In | | | | Expenditures and Transfers Out | | | |
|--|---------------------|---------------------|---------------|---|---------------------|---------------------|----------------|
| | General Fund | | % of | | General Fund | | % of |
| | FY2015 | FY2014 | | | FY2015 | FY2014 | |
| Revenue: | | | | Expenditures: | | | |
| Taxes: | | | | Current: | | | |
| Sales and Use Tax | \$ 859,575 | \$ 841,456 | 2.2% | General Government | \$ 52,024 | \$ 48,635 | 7.0% |
| Contractor's Excise Tax | 101,999 | 93,460 | 9.1% | Education (all) | 623,139 | 638,742 | (2.4)% |
| Insurance Company Tax | 72,644 | 66,398 | 9.4% | Health, Human and Social Services | 529,791 | 484,262 | 9.4% |
| Cigarette Excise Tax | 35,091 | 32,866 | 6.8% | Law , Justice, Public Protection and Regulation | 152,431 | 147,203 | 3.6% |
| Bank Tax | 20,669 | 23,943 | (13.7)% | Agriculture and Natural Resources | 16,163 | 15,638 | 3.4% |
| Tourism Tax | 16,612 | 16,136 | 2.9% | Economic Resources | 28,745 | 24,415 | 17.7% |
| Alcohol Beverage Tax | 16,356 | 15,988 | 2.3% | State Shared Revenue Paid | | | |
| Mineral Tax | 7,508 | 9,286 | (19.1)% | to Other Other Governments | 37,685 | 38,047 | (1.0)% |
| Other | 7,489 | 7,478 | 0.1% | Debt Service: | | | |
| Licenses, Permits and Fees | 10,267 | 10,097 | 1.7% | Payment to Refunded Bond Escrow Agent | | 16,924 | |
| Fines, Forfeits and Penalties | 368 | 358 | 2.8% | Total Expenditures | \$ 1,439,978 | \$ 1,413,866 | 1.8% |
| Use of Money and Property | 6,658 | 8,254 | (19.3)% | | | | |
| Sales and Services | 23,463 | 17,706 | 32.5% | | | | |
| Administering Programs | 10 | 25 | (60.0)% | | | | |
| Unclaimed Property Remittance | 50,883 | 101,143 | (49.7)% | | | | |
| Other Revenue | 7,548 | 6,498 | 16.2% | | | | |
| Total Revenue | \$ 1,237,140 | \$ 1,251,092 | (1.1)% | | | | |
| Transfers In: | | | | Transfers Out: | | | |
| South Dakota Lottery fund | \$ 105,708 | \$ 98,534 | 7.3% | Public Safety Emergency Management | \$ 6,829 | \$ | |
| Securities and Insurance fund | 45,752 | 42,704 | 7.1% | Vocational Education Facilities | 2,217 | 1,650 | 34.4% |
| Education Enhancement Trust fund | 17,037 | 15,700 | 8.5% | Building Authothity Debt Service fund | 1,429 | 12,157 | (88.2)% |
| Dakota Cement Trust fund | 10,804 | 10,063 | 7.4% | Labor | 1,406 | 1,376 | 2.2% |
| Health Care Tobacco Tax fund | 7,860 | 8,305 | (5.4)% | State Fire Suppression fund | 750 | 1,950 | (61.5)% |
| Education Enhancement Tobacco Tax fund | 7,629 | 8,061 | (5.4)% | Accounting and Payroll | 596 | 602 | (1.0)% |
| South Dakota Gaming Commission fund | 6,182 | 6,379 | (3.1)% | Aviation | 525 | 517 | 1.5% |
| Health Care Trust fund | 4,674 | 4,323 | 8.1% | Railroad Trust Fund | | 8,200 | |
| All Other Transfer Ins | 9,656 | 5,665 | 70.5% | SDRS | | 7,598 | |
| Total Transfers In | \$ 215,302 | \$ 199,734 | 7.8% | All Other Transfer Outs | 948 | 4,981 | (81.0)% |
| | | | | Total Transfers Out | \$ 14,700 | \$ 39,031 | (62.3)% |

The General Fund experienced increases in most of its major sources of revenues such as sales and use tax (increase of \$18.1 million), contractors excise tax (increase of \$8.5 million), insurance company tax (increase of \$6.2 million), cigarette excise tax (increase of \$2.2 million) and sales and service fees (increase of \$5.8 million). These increases are directly attributed to the steadily growing South Dakota economy. Despite these increases, the General Fund experienced an overall revenue decrease of \$14.0 million from the prior year. This decrease in overall General Fund revenue is attributed to a \$50.3 million decrease in unclaimed property remittance. This decrease in unclaimed property remittance was expected as the prior fiscal year experienced a one-time surge in unclaimed property remittance of \$65.6 million due to legislative changes which shortened the time period in which unclaimed property is presumed abandoned.

Transfers into the General Fund from the prior year increased by \$15.6 million or 7.8% while transfers out of the General Fund decreased by \$24.3 million or 62.3% resulting in a "net" transfer change from the prior year of \$40.0 million. The increases in transfers into the General Fund are attributed to growth in the South Dakota Lottery, Securities and Insurance Fund and increased value of the State's three trust funds and other funds with statutory transfers.

With the implementation of GASB Statement 54, fourteen statutorily created funds do not qualify as Special Revenue Funds and were required to be combined with the State's General Fund in fiscal year 2015. The General Fund and these fourteen funds were, and will continue to be budgeted for, accounted for, and tracked separately on the State's budget and accounting systems.

The following table identifies the General Fund beginning and ending fund balances before and after the GASB Statement 54 changes (expressed in thousands):

| | General Fund FY2014 Beginning Fund Balance | General Fund FY2015 Ending Fund Balance |
|--|---|--|
| Fund Balance - General Fund, as restated | \$ 320,317 | \$ 318,140 |
| Less: Statutorily Created Funds Combined with the General Fund | Beginning Balance | Ending Balance |
| Property Tax Reduction - assigned for Education | \$ 48,184 | \$ 44,610 |
| Tourism Promotion - assigned for Tourism Promotion | 2,835 | 2,886 |
| Investment Council Operating - assigned for Other | 990 | 3,571 |
| Private Activity Bond - assigned for Other | 170 | 409 |
| Teen Court - assigned for Other | 36 | 11 |
| Proof of Concept - assigned for Economic Development | 446 | 202 |
| Economic Development - assigned for Economic Development | 894 | 1,072 |
| Local Infrastructure Improvement - assigned for Economic Development | 1,491 | 3,780 |
| Workforce Education - assigned for Education | 27 | 1,432 |
| Tax Relief - unassigned | 240 | - |
| Building South Dakota - assigned for Economic Development and Education; and Health and Public Assistance | 21,107 | 15,413 |
| Extraordinary Litigation Expense - assigned (unassigned) | 632 | (1,437) |
| Legislative Contingency Fund - unassigned | | 1,000 |
| Unclaimed Property - unassigned | 29 | 30 |
| Total GASB 54 combinations | 77,081 | 72,979 |
| Fund Balance - General Fund - excluding GASB 54 combinations | \$ 243,236 | \$ 245,161 |

See the Notes to the Financial Statements for more information on the GASB Statement 54 changes.

In evaluating a contract between SDRC, Inc. and GOED, relating to the EB-5 program, it was determined the SDRC Indemnification Fund One Account should be reported in the State's General Fund. As of June 30, 2015 the following equity balances were included within the State's General Fund (expressed in thousands):

| | General Fund FY2014 Beginning Fund Balance | General Fund FY2015 Ending Fund Balance |
|--|---|--|
| Fund Balance - General Fund - excluding GASB 54 combinations | \$ 243,236 | \$ 245,161 |
| Less: SDRC Funds Combined with the General Fund | Beginning Balance | Ending Balance |
| SDRC Indemnification Fund One Account - restricted for Economic Development | \$ 1,271 | \$ 1,637 |
| Total SDRC combinations | 1,271 | 1,637 |
| Fund Balance - General Fund - excluding all combinations | \$ 241,965 | \$ 243,524 |

At the end of the fiscal year, total fund balance of the General Fund was \$318.1 million (including GASB 54 combination and the SDRC accounts), a decrease of \$2.2 million, or 0.7% from the prior year.

Specific changes in the General Fund balance include the following:

- Restricted ending fund balance of \$10.5 million increased by \$2.2 million or 26.8% from the prior fiscal year. \$1.8 million of this increase is attributed to securities held as unclaimed property as the number of securities held by the State as unclaimed property increased during the fiscal year; in addition the market value of the securities held also increased. \$0.5 million of this increase is related to an increase in the SDRC Indemnification Fund.
- Assigned ending fund balance of \$120.2 million decreased by \$28.8 million, or 19.4% from the prior fiscal year. This decrease was primarily due to SB 51 from the 2015 Legislative Session which eliminated the \$16.0

million contingency funds available to the Department of Social Services and a decrease of \$6.7 million which represents continued construction of the State's new Veterans' Home.

- Unassigned fund balance of \$183.6 million increased by \$24.2 million, or 15.2% from the prior fiscal year. The majority of this increase is attributed to a \$21.5 million increase in the General Fund Budget Reserve. This increase in the General Fund Budget Reserve is comprised of \$10.0 million of revenue growth that exceeded estimates adopted by the legislature for fiscal year 2015. Moreover, State agencies demonstrated fiscal restraint by spending \$11.5 million less than appropriated.

It is important to note that some of this unassigned fund balance has other restricting factors that may limit or decrease its availability for general appropriations because it either has another purpose as intended by state law, or has internally imposed limitations. Those limitations on the unassigned fund balance include; \$126.7 million is the General Fund Budget Reserve which is created by state law and only to be used to address emergency situations without having to raise taxes or cut spending. Other limitations on the General Fund include:

- \$26.4 million of the unassigned fund balance represents tax revenue that was received and recognized as revenue in the General Fund in fiscal year 2015 for financial reporting purposes, but not distributed on a cash basis to the General Fund until fiscal year 2016. This revenue will be used in fiscal year 2016 cash basis operations.
- \$29.7 million of the unassigned fund balance is not part of cash and cash equivalents, but rather a net effect of receivables and other assets in excess of liabilities.

As a measure of the General Fund's liquidity, it may be useful to compare both the assigned and unassigned fund balances to total fund expenditures. The assigned fund balance represents 8.4% of the total General Fund operating expenditures, while the unassigned fund balance (including the Budget Reserve) represents 12.8% of that same amount.

See the Budgetary Highlights – General Fund section in this document for more discussion on General Fund.

Transportation (\$151.3 million).

The Transportation Fund is a major special revenue fund that accounts for the construction and maintenance of the State's highways and bridges, and funding public transportation. Its revenue is comprised of federal grants, state motor fuel taxes, and state motor vehicle excise taxes. All revenues of the Transportation fund are used and expended under the direction of the State's Department of Transportation. The total fund balance at the end of the current fiscal year for this fund was \$151.3 million, an increase of \$26.4 million, or 21.1% from the prior fiscal year.

During the fiscal year, total revenue for the Transportation Fund increased by \$5.3 million, or 0.9% from the prior year. This increase in revenue is the result of a \$24.3 million, or an 11.6% increase in taxes, but offset by a \$19.5 million, or 5.3% decrease in administering program revenue (i.e. federal grant revenue) from the prior year. The declining federal grant revenue has resulted in funding more projects with State tax revenues.

Total expenditures in the Transportation fund decreased by \$33.2 million or 5.6% from the previous year. This change comes from a \$24.9 million or 5.5% decrease in contractual services and an \$8.3 million or 27.7% decrease in capital outlay attributed to a decrease in construction activity.

Social Services Federal (\$1.4 million).

The Social Service Federal fund is a major special revenue fund that consists of over sixty federal grants and entitlement programs administered to provide social, financial, and medical services to eligible South Dakotans with the goal of fostering independence and personal responsibility. This fund is administered by the State's Department of Social Services. Some of the major grants included in this fund are Medicaid, Low Income Heating and Energy Assistance Payments, Temporary Assistance to Needy Families, State Children's Health Insurance Program, State Administrative Matching Grants for the Supplemental Nutrition Assistance Program, Child Care & Development Fund Mandatory, Child Care & Development Block Grant, Foster Care - Title IV-E, and Child Support Enforcement.

Revenue in the fund consists of federal grants from the U.S. Department of Health and Human Services, the U.S. Department of Agriculture, the U.S. Department of Energy, the U.S. Department of Justice, and Federal pass-through grants from various State entities. The majority of the funding is expended on entitlement programs, service contracts to providers, and the administration of these programs. A majority of the State match to these federal grants is

accounted for and expended out of the General Fund. The total fund balance at the end of the current fiscal year for the Social Services Federal Fund was \$1.4 million, unchanged from the prior fiscal year.

Program revenue of \$683.4 million decreased by 1.6% and expenditures of \$683.2 million fell by 1.6% from the prior fiscal year predominantly due to the drop in the federal FMAP rate in the Medicaid program.

Dakota Cement Trust Fund (\$305.4 million).

As created in Article XIII, Sections 20 and 21 of the Constitution of the State of South Dakota, this fund consists of the proceeds from the sale of the State Cement Plant and all investment earnings. “Four percent of the lesser of the average market value of the trust fund determined by adding the market value of the trust fund at the end of the sixteen most recent calendar quarters as of December thirty-first of that year and dividing that sum by sixteen, or the market value of the trust fund at the end of that calendar year” shall be transferred to the General Fund in support of education. The Dakota Cement Trust Fund transferred \$10.8 million to the General Fund in fiscal year 2015 and \$10.1 million in fiscal year 2014.

The fund balance in the Dakota Cement Trust Fund at June 30, 2015, was \$305.4 million and is restricted for education. This is an increase of \$3.0 million from the previous year. The increase resulted primarily from investment income of \$14.1 million, exceeding expenditures and the required transfer to the General Fund.

Education Enhancement Trust Fund (\$497.1 million).

This fund consists of monies received from the Tobacco Settlement Agreement, monies transferred from the Tobacco Securitization Fund, monies from the Youth-at-Risk Fund and General Fund appropriations for scholarship purposes. The fund is authorized by State law to make an annual distribution equal to 4.0% of its market value (less the investment expenses) into the General Fund for educational enhancement programs. Article XII, section 6 of the Constitution of the State of South Dakota also states that, “the Education Enhancement Trust Fund may not be diverted for other purposes, nor may the principal be invaded unless appropriated by a three-fourths vote of all the members-elect of each house of the legislature.” The Education Enhancement Trust Fund transferred \$17.0 million to the General Fund in fiscal year 2015 and \$15.7 million in fiscal year 2014.

The fund balance in the Education Enhancement Trust Fund at June 30, 2015, was \$497.1 million, an increase of \$9.5 million from the prior year. This increase resulted primarily from investment income of \$21.6 million and transfers in to the Education Enhancement Trust Fund of \$5.5 million for residual Tobacco Settlement Revenue (from the Education Enhancement Funding Corporation), exceeding the operating expenditures and the required transfer to the General Fund.

Proprietary Funds

The State's proprietary funds are presented on the accrual basis of accounting and include the State's enterprise funds and internal service funds. The following proprietary funds had significant activity or changes to net position during fiscal year 2015:

Lottery Fund (\$7.1 million).

The Lottery Fund accounts for the operations of the South Dakota State Lottery which markets instant tickets and lotto games, and regulates video lottery to raise revenue for State programs and projects. At the end of the current fiscal year, the Lottery Fund reported total net position of \$7.1 million, a decrease of \$0.6 million in comparison with the prior year. During the current fiscal year, the State Lottery produced income (before transfers) in the amount of \$111.4 million on total revenue of \$152.3 million, compared to the previous fiscal year's income (before transfers) of \$105.8 million on total revenue of \$148.3 million. The increase in revenues was the result of an increase in video lottery sales. During fiscal year 2015, the State Lottery Fund distributed approximately \$94.7 million to the Property Tax Reduction Fund (a subfund of the General Fund), \$11.0 million to the General Fund, \$6.2 million to the Capital Construction Fund, and \$0.2 million to the Department of Human Services.

Clean Water State Revolving Fund (\$218.1 million).

The Clean Water State Revolving Fund program provides low interest loans to governmental entities for wastewater, storm sewer, and nonpoint source pollution projects. Projects with compliance or health and safety concerns receive highest priority.

At the end of the current fiscal year, the Clean Water State Revolving Fund reported total net position of \$218.1 million, an increase of \$8.5 million, or 4.1% in comparison to the prior fiscal year. Total operating and nonoperating

revenue decreased by \$7.4 million or 28.8% from the prior year. This decrease is attributed to an \$8.1 million decrease in grant and other income offset slightly by increases in both sales and services, and interest earnings. Total operating and nonoperating expenses decrease by \$0.2 million or 1.9% from the prior year resulting in total revenues exceeding total expenses by \$8.5 million in fiscal year 2015.

Drinking Water State Revolving Fund (\$168.6 million).

The Drinking Water State Revolving Fund program provides low interest loans for drinking water projects. Projects with compliance or health and safety concerns receive highest priority.

At the end of the current fiscal year, the Drinking Water Revolving Fund reported total net position of \$168.6 million, an increase of \$9.8 million or 6.2% in comparison with the prior year. This increase resulted primarily from federal grant revenues increasing by \$5.4 million or 87.2% and a decrease of \$0.7 million or 7.3% in total expenses.

Budgetary Highlights - General Fund

The following analysis is based on the Budgetary Comparison Schedules included in the Required Supplementary Information that immediately follows the basic financial statements.

The original budget is defined as the first complete appropriated budget, adjusted by reserves, transfers, allocations, supplemental appropriations, and other legally authorized legislative and executive changes before the beginning of the fiscal year. Any such transaction that is authorized as a legislative or executive change before the beginning of the fiscal year is included in the original budget, regardless of the effective date of the document loaded on the accounting system. The original budget also includes employee compensation allocations and any actual appropriation amounts carried forward by law from prior years; including special appropriations, maintenance and repair, and carryovers. The final budget is defined as the original budget, adjusted by all reserves, transfers, allocations, supplemental appropriations, and other legally authorized legislative and executive changes after the beginning of the fiscal year.

General Fund

The difference between the original and the final budget was a \$10.0 million decrease in appropriations. That decrease can be attributed to three separate appropriation areas comprised of emergency specials, general bill adjustments, and a repeal of contingency funds.

The General Fund had \$22.6 million worth of emergency special appropriations during fiscal year 2015 that consisted of the following:

- \$6.8 million appropriation to the Department of Public Safety for costs related to disasters in South Dakota.
- \$6.0 million appropriation to the Bureau of Administration for the captive insurance startup for property insurance coverage and the captive insurance for five of State's component units' liability coverage.
- \$3.9 million appropriation to the Science and Technology Authority for costs related to the Ross Shaft at the Sanford Underground Research Facility.
- \$1.7 million appropriation to the Department of Social Services for costs related to the community based provider workforce improvement program.
- \$1.0 million appropriation to the Department of Human Services for costs related to the community based provider workforce improvement program.
- \$0.7 million appropriation to the Department of Agriculture for costs related to mountain pine beetle suppression.
- \$0.6 million appropriation to the Department of Health for reimbursements related to the recruitment assistance program.
- \$0.5 million appropriation to the Department of Revenue for costs related to tax refunds for elderly and disabled persons.

- \$0.4 million appropriation to the Bureau of Finance and Management for a grant to the conservation fund held by the South Dakota Community Foundation.
- \$0.3 million appropriation to the Department of Education for costs related to the jobs for America's graduates program.
- \$0.3 million appropriation to the Board of Regents for costs related to the need-based scholarship and critical teaching needs scholarship programs
- \$0.2 million appropriation to the United Judicial System for costs related to the adult community residential recidivism service.
- \$0.2 million appropriation to the Department of Corrections for costs related to the community based provider workforce improvement program.

The General Fund had general bill adjustments that decreased the original budget by \$16.5 million during fiscal year 2015 which consisted of the following:

- \$0.6 million increase in appropriation to the Department of Education for programs in Education Resources.
- \$0.4 million increase in appropriation to the Department of Environment and Natural Resources for programs in Environmental Services.
- \$0.3 million increase in appropriation to the Secretary of State.
- \$0.2 million increase in appropriation to the Department of Game, Fish and Parks for programs in State Parks and Recreation.
- \$0.2 million increase in appropriation to the Department of Social Services for programs in Behavioral Health.
- \$0.2 million increase in appropriation to the Board of Regents for programs at the University of South Dakota Proper, South Dakota State University Proper, South Dakota School of Mines and Technology, Northern State University, Dakota State University, the South Dakota School for the Deaf, and the South Dakota School for the Blind and Visually Impaired.
- \$0.1 million increase in appropriation to the Department of Corrections for programs in Mike Durfee State Prison, State Penitentiary, Women's Prison, State Treatment and Rehabilitation Academy.
- \$10.0 million decrease in appropriation to the Department of Social Services for programs in Medical and Adult Services and Children's Services.
- \$7.0 million decrease in appropriation to the Department of Education for programs in State Aid to General Education and Postsecondary Vocational Education.
- \$1.5 million decrease in appropriation to the Department of Corrections for programs in Inmate Services and Juvenile Community Corrections.

The General Fund had a repeal of contingency funds that decreased the original budget by \$16.0 million during fiscal year 2015 which consisted of the following:

- \$16.0 million decrease to Bureau of Finance and Management due to the repeal of contingency funds.

The net effect of the emergency special appropriations, general bill adjustments, and a repeal of contingency funds resulted in a \$10.0 million decrease in appropriations. Overall, there were no over-expenditures by any State departments. The difference between the final amended budget and actual spending was \$46.3 million below final budgeted estimates.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The State's capital assets are capitalized at historic cost. The State's investment in capital assets for its governmental and business-type activities as of June 30, 2015 is \$3.9 billion (net of accumulated depreciation). This investment in capital assets includes land; land improvements; land improvements – roads; buildings; equipment; vehicles; infrastructure; and construction in progress.

State of South Dakota
Capital Assets - Primary Government
(Expressed in Thousands)

| | Governmental Activities | | Business-type Activities | | Total Primary Government | |
|---|----------------------------|--------------------|-----------------------------|-----------------|-----------------------------|--------------------|
| | FY2015 | FY2014 | FY2015 | FY2014 | FY2015 | FY2014 |
| Land, as restated | \$ 115,637 | \$ 111,868 | \$ 295 | 295 | \$ 115,932 | \$ 112,163 |
| Land Improvements | 40,198 | 37,982 | 924 | 924 | 41,122 | 38,906 |
| Land Improvements - Roads | 613,620 | 607,417 | | | 613,620 | 607,417 |
| Buildings, as restated | 601,287 | 595,702 | 4,008 | 4,008 | 605,295 | 599,710 |
| Equipment, as restated | 216,108 | 207,254 | 3,623 | 3,677 | 219,731 | 210,931 |
| Intangible Assets – Software, as restated | 72,947 | 69,841 | 2,341 | 2,860 | 75,288 | 72,701 |
| Vehicles, as restated | 152,180 | 145,341 | | | 152,180 | 145,341 |
| Infrastructure | 3,761,358 | 3,655,948 | | | 3,761,358 | 3,655,948 |
| Construction in Progress, as restated | 264,784 | 293,124 | | | 264,784 | 293,124 |
| Total Capital Assets | 5,838,119 | 5,724,477 | 11,191 | 11,764 | 5,849,310 | 5,736,241 |
| Accumulated Depreciation, as restated | (1,972,123) | (1,906,076) | (8,380) | (8,114) | (1,980,503) | (1,914,190) |
| Total Capital Assets, Net | \$3,865,996 | \$3,818,401 | \$ 2,811 | \$ 3,650 | \$3,868,807 | \$3,822,051 |

The most significant capital asset the State reported in fiscal year 2015 is infrastructure assets. Infrastructure assets are long-lived capital assets that normally are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets. Examples of infrastructure assets include roads, bridges, tunnels, drainage systems, water and sewer systems, dams and lighting systems. Infrastructure assets account for \$2.3 billion (net of accumulated depreciation), which is 59.5% of total capital assets (net of accumulated depreciation).

The State's investment in capital assets (net of accumulated depreciation) increased from fiscal year 2014 to 2015 by approximately 1.2%. This change was primarily due to ongoing construction and completion of segments of infrastructure - highways, bridges, and railroads. The increase consisted of:

- Construction in progress for highways and bridges increased by \$95.7 million for new projects and decreased by \$145.8 million for projects completed and capitalized.
- Other construction in progress as a whole increased by \$21.8 million. This increase was the result of new construction for new and ongoing projects: the Department of Veterans Affairs (\$23.3 million, net of projects completed and capitalized), the Department of Game, Fish, and Parks (\$3.4 million, net of projects completed and capitalized), the Department of Public Safety (\$1.8 million, net of projects completed and capitalized), the Department of Corrections (\$0.9 million, net of projects completed and capitalized), the Bureau of Administration (\$0.4 million, net of projects completed and capitalized), the Attorney General's Office (\$0.2 million, net of projects completed and capitalized), and the Bureau of Finance and Management (\$0.1 million, net of projects completed and capitalized). However, one agency had projects completed and capitalized for

decreases in construction in progress: the Department of Transportation (\$8.3 million, net of new and ongoing projects).

- Building and building improvements increased by \$5.6 million. New buildings included the DOT Highmore Shop and Office (\$1.3 million), the DOT Rapid City Specialty Crew building (\$1.2 million), the DOT Martin Maintenance Shop (\$1.1 million), the DOT Kadoka Maintenance Shop (\$0.6 million), the DOT Flandreau Maintenance Shop (\$0.5 million), and the DOT Miller Cold Storage building (\$0.2 million). Building improvements included various DOT Maintenance Shop renovations and additions (\$1.2 million) and the DOC Pen West Farm Dorm boiler replacement (\$0.1 million). There were decreases to buildings and building improvements from disposing of the Redfield Armory Kitchen (\$0.3 million), the DSS Powerhouse (\$0.2 million) and the DOT Martin Maintenance Shop (\$0.1 million).
- Equipment assets increased by \$8.8 million. This was mainly due to the purchase of new equipment and replacing of aged equipment by: the Department of Transportation (\$7.2 million, net of disposals), the Department of Game, Fish, and Parks (\$0.3 million, net of disposals), the Department of Executive Management (\$0.3 million, net of disposals), the Legislative Research Council (\$0.3 million, net of disposals), the Department of Public Safety (\$0.3 million, net of disposals), the Department of Veterans' Affairs (\$0.2 million, net of disposals), the Department of Environment and Natural Resources (\$0.2 million, net of disposals), the Attorney General's Office (\$0.2 million, net of disposals), the Department of Agriculture (\$0.1 million, net of disposals), the Department of Health (\$0.1 million, net of disposals), and the Department of Human Services (\$0.1 million, net of disposals). There were decreases in equipment mainly due to disposing of aged equipment by: the Department of Military (\$0.3 million, net of additions), and the Department of Social Services (\$0.2 million, net of additions).
- Intangible assets increased by \$2.6 million, comprised of new software for the Department of Executive Management (\$1.1 million), the Department of Transportation (\$0.7 million, net of disposals), the Department of Corrections (\$0.7 million), and the Department of Education (\$0.4 million). There were decreases for intangible assets in the Department of Health (\$0.2 million, net of additions), and the Attorney General's Office (\$0.1 million, net of additions).
- Land and land improvements increased by \$6.0 million which consisted primarily of land and land improvements by the Department of Transportation (\$5.3 million, net of disposals) and the Department of Game, Fish, and Parks (\$0.7 million).
- Vehicles increased by \$6.8 million which consisted of replacing aged vehicles by the Department of Transportation (\$5.0 million, net of disposals), the Department of Executive Management (\$1.2 million, net of disposals), the Department of Game, Fish, and Parks (\$0.5 million, net of disposals), and the Department of Public Safety (\$0.1 million, net of disposals).

More detailed information on the State's capital assets can be found in Notes to the Financial Statements.

Debt Administration

The authority of the State to incur limited debt for specific purposes is described in Article XIII, Section 2, of the State's Constitution. The State Constitution prohibits the State from having general obligation indebtedness in excess of \$100,000. The South Dakota Building Authority, a legally separate blended component unit of the State, was created and organized by Chapter 5-12 of the South Dakota Codified Laws to issue debt on behalf of the primary government. On May 4, 2015, the issuer credit rating (ICR) for the State of South Dakota as issued from Standard and Poor's was upgraded from AA+ to a AAA with a stable outlook. That rating remains at June 30, 2015.

The South Dakota Building Authority (SDBA) issues bonds, certificates of participation, and trust certificates to finance the cost to acquire, construct, remodel, maintain, and equip buildings and other facilities of State departments and institutions. These obligations are payable from revenue generated through lease agreements between the SDBA and other State departments and institutions. The SDBA is a blended component unit of the State. At June 30, 2015, the uninsured rating was Aa2 from Moody's with a stable outlook and AA+ with a stable outlook from Standard and Poor's. The indebtedness, bonds, or obligations incurred or created by the SDBA may not be or become a lien, charge, or liability against the State. The bonds and all related financial transactions used to finance buildings of State departments and institutions are reported as part of governmental activities in the State's Basic Financial Statements, except for debt of universities, which is reported as part of the discretely presented component unit information.

The SDBA issued \$23.8 million in revenue bonds for Governmental Activities. The State incurred no new long-term general indebtedness under Business-type Activities. The South Dakota Building Authority issued \$87.7 million in revenue bonds for Higher Education (a discretely presented component unit).

The State eliminated \$54.8 million of bond debt during fiscal year 2014. This included paying off \$37.9 million in bonds and escrowing an additional \$16.9 million for principal and interest payments for an additional bond to be paid at its call date. As a result of this action, any debt payments made from, or appropriated from the General Fund now have dedicated sources of revenue supporting that debt payment which is transferred into the General Fund. Thus, the State has no General Fund supported debt after September 1, 2014.

The Educational Enhancement Funding Corporation (EEFC) is a special purpose corporation, organized by Chapter 5-12 of the South Dakota Codified Laws. EEFC is an instrumentality of, but separate and apart from the State. Although legally separate from the State, EEFC is a blended component unit of the State and accordingly, is included in the State's financial statements. Pursuant to a Purchase and Sale Agreement with the State, the State sold to EEFC its future rights, title, and interest in the Tobacco Settlement Revenues (TSRs) under the Master Settlement Agreement. The purchase price of the State's future right, title, and interest in the TSRs has been financed by the issuance of the Bonds and the Residual Certificate. The Residual Certificate represents the right of the State to receive all amounts required to be distributed after payment of all outstanding bonds and other liabilities of EEFC as set forth in the Trust Indenture. Pursuant to the Resolution, EEFC is prohibited from selling additional bonds, other than refunding bonds. The bonds represent limited obligations of EEFC, payable solely from and secured solely by the pledged TSRs and the pledged amounts. The bonds are not a debt or liability of the State or of any political subdivision or agency thereof. EEFC has no taxing power. EEFC did not issue any refunding bonds in fiscal year 2015.

The South Dakota Conservancy District (SDCD) issues revenue bonds for the Clean Water State Revolving Fund (CWSRF) and for the Drinking Water State Revolving Fund (DWSRF). These funds provide low interest loans or other types of financial assistance for the construction of publicly-owned wastewater treatment facilities; implementation of nonpoint source management programs; and construction and maintenance of drinking water facilities respectively. The bonds are paid solely from CWSRF and DWSRF loan repayments. The SDCD bonds do not constitute a debt or liability of the State or a pledge of the faith and credit of the State. At June 30, 2015, the SDCD had maintained its long-term rating of Aaa from Moody's and AAA from Standard & Poor's on all outstanding State Revolving Fund Program Bonds.

The revenue bonds and related financial transactions for the CWSRF and DWSRF are reported as part of the Business-type Activities in the State's Basic Financial Statements. In fiscal year 2015, SDCD issued \$48.9 million in bonds for the CWSRF and \$11.0 million for DWSRF programs.

At June 30, 2015, primary government had total notes and bonded debt outstanding as follows:

State of South Dakota
Outstanding Loans and Bonded Debt
(Expressed in Thousands)

| | Governmental Activities | | Business-type Activities | | Total Primary Government | |
|---|------------------------------------|-------------------|-------------------------------------|-------------------|-------------------------------------|-------------------|
| | FY2015 | FY2014 | FY2015 | FY2014 | FY2015 | FY2014 |
| Revenue Bonds: | | | | | | |
| South Dakota Building Authority | \$ 43,568 | \$ 32,247 | \$ | \$ | \$ 43,568 | \$ 32,247 |
| Educational Enhancement Funding Corporation | 131,196 | 145,056 | | | 131,196 | 145,056 |
| South Dakota Conservancy District | | | 263,817 | 207,447 | 263,817 | 207,447 |
| Trust Certificates: | | | | | | |
| South Dakota Building Authority | 570 | 880 | | | 570 | 880 |
| Capital Leases, as restated: | 116,352 | 114,587 | | | 116,352 | 114,587 |
| Total | \$ 291,686 | \$ 292,770 | \$ 263,817 | \$ 207,447 | \$ 555,503 | \$ 500,217 |

Additional information on the State's long-term debt obligations can be found in the Notes to the Financial Statements.

ECONOMIC CONDITIONS AND OUTLOOK

Nonfarm employment in South Dakota increased during fiscal year 2015 and continues to expand at a moderate pace. In fiscal year 2015, nonfarm employment in the State increased 1.4%, or 6,000 jobs. The unemployment rate in South Dakota remained one of the lowest in the nation in fiscal year 2015. South Dakota's unemployment rate was 3.8% in June 2015, while the U.S. unemployment rate was 5.3% the same month. In calendar year 2014, the most recent annual data that is available, South Dakota's nonfarm personal income grew 4.9%, which was higher than the U.S. growth rate of 4.6% and well above the Plains' State Region growth rate of 4.3%. South Dakota's per capita personal income continues to improve compared to the national average. Over the past 10 years, South Dakota's per capita personal income has improved from 93.1% of the U.S. average in 2005 to 98.3% of the U.S. average in 2014.

Further information on the South Dakota economy and economic outlook is included in the transmittal letter.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the State's finances and to demonstrate the State's accountability for the money it receives. If you have any questions about this report, or need additional financial information, please contact the Bureau of Finance and Management, 500 East Capitol Avenue, Pierre, South Dakota 57501, (605) 773-3411 or visit our website at <http://bfm.sd.gov>.

The State's discretely presented component units, with the exception of Higher Education and the South Dakota Value Added Finance Authority, issue their own separately audited financial statements. These statements may be obtained by directly contacting the Department of Legislative Audit at 427 South Chapelle, c/o 500 East Capitol, Pierre, South Dakota 57501, (605) 773-3595 or visit their website at <http://legislativeaudit.sd.gov>.



BASIC FINANCIAL STATEMENTS

The *Basic Financial Statements* include the government-wide financial statements, the governmental funds financial statements, the proprietary funds financial statements, the fiduciary funds financial statements, and the accompanying Notes to the Financial Statements. The following individual statements are included:

- Government-wide Financial Statements – Statement of Net Position
- Government-wide Financial Statements – Statement of Activities
- Balance Sheet – Governmental Funds
- Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
- Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
- Reconciliation of the Change in Fund Balances of Governmental Funds to the Statement of Activities
- Statement of Net Position – Proprietary Funds
- Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds
- Statement of Cash Flows – Proprietary Funds
- Statement of Fiduciary Net Position – Fiduciary Funds
- Statement of Changes in Fiduciary Net Position – Fiduciary Funds
- Notes to the Financial Statements

STATE OF SOUTH DAKOTA
STATEMENT OF NET POSITION
June 30, 2015
(Expressed in Thousands)

| | Primary Government | | |
|---|--------------------------------|---------------------------------|---------------------|
| | Governmental Activities | Business-type Activities | Total |
| Assets | | | |
| Cash and Cash Equivalents | \$ 1,024,698 | \$ 254,871 | \$ 1,279,569 |
| Receivables, net | 403,707 | 429,345 | 833,052 |
| Due From Component Units | 1,065 | 33 | 1,098 |
| Due From Primary Government | | | 0 |
| Internal Balances | 5,210 | (5,210) | 0 |
| Investments | 823,688 | 195,428 | 1,019,116 |
| Inventory | 24,446 | 2,555 | 27,001 |
| Advances to Component Units | 1,413 | 22,276 | 23,689 |
| Other Assets | 6,389 | 175 | 6,564 |
| Assets Held for Resale | | | 0 |
| Restricted Assets: | | | |
| Cash and Cash Equivalents | 1,428 | 2,841 | 4,269 |
| Investments | 20,080 | 552 | 20,632 |
| Net Pension Asset | 155,519 | 3,477 | 158,996 |
| Other | 216 | 701 | 917 |
| Capital Assets: | | | |
| Land and Other Non-depreciable Assets | 738,161 | 295 | 738,456 |
| Infrastructure, net | 2,274,544 | | 2,274,544 |
| Property, Plant, and Equipment, net | 588,507 | 2,516 | 591,023 |
| Construction in Progress | 264,784 | | 264,784 |
| Total Assets | 6,333,855 | 909,855 | 7,243,710 |
| Deferred Outflows of Resources | | | |
| Deferred Outflow Related to Pensions | 138,734 | 3,095 | 141,829 |
| Deferred Swap Outflow | | | 0 |
| Deferred Outflow on Debt Refunding | 5,661 | 6,104 | 11,765 |
| Total Deferred Outflows of Resources | 144,395 | 9,199 | 153,594 |
| Liabilities | | | |
| Accounts Payable and Other Liabilities | 289,656 | 9,616 | 299,272 |
| Due To Primary Government | | | 0 |
| Due To Component Units | 6,915 | | 6,915 |
| Accrued Interest Payable | 5,977 | 4,032 | 10,009 |
| Unearned Revenue | 56,556 | 1,912 | 58,468 |
| Noncurrent Liabilities: | | | |
| Due Within One Year | 64,708 | 16,821 | 81,529 |
| Due In More Than One Year | 358,568 | 249,263 | 607,831 |
| Total Liabilities | 782,380 | 281,644 | 1,064,024 |
| Deferred Inflows of Resources | | | |
| Deferred Inflow Related to Pensions | 180,116 | 4,029 | 184,145 |
| Deferred Forward Contract Inflow | | | 0 |
| Deferred Inflow on Gain on Debt Refinancing | | | 0 |
| Total Deferred Inflows of Resources | 180,116 | 4,029 | 184,145 |
| Net Position | | | |
| Net Investment in Capital Assets | 3,713,057 | 2,810 | 3,715,867 |
| Restricted for: | | | |
| Education | 314,095 | | 314,095 |
| Highways | 140,540 | | 140,540 |
| Railroads | 42,873 | | 42,873 |
| Law, Justice, Public Protection, and Regulation | 18,417 | | 18,417 |
| Agriculture and Natural Resources | 79,749 | | 79,749 |
| Game and Fish | 7,045 | | 7,045 |
| Parks and Recreation | 6,104 | | 6,104 |
| Health and Public Assistance | 12,207 | | 12,207 |
| Economic Development | 56,313 | | 56,313 |
| Debt Service | 28,341 | 99 | 28,440 |
| Capital Projects | 13,609 | | 13,609 |
| HOME and NSP Program | | | 0 |
| Energy Conservation Programs | 11,547 | | 11,547 |
| Higher Education - Expendable | | | 0 |
| Higher Education - Nonexpendable | | | 0 |
| Funds Held as Permanent Investments: | | | |
| Expendable | 197,370 | | 197,370 |
| Nonexpendable | 478,763 | | 478,763 |
| Pensions | 114,133 | 2,545 | 116,678 |
| Interim Lab | | | 0 |
| Mine Closure | | | 0 |
| Sanford Center for Science Education | | | 0 |
| Other Purposes | 16,675 | 3,511 | 20,186 |
| Unrestricted | 264,916 | 624,416 | 889,332 |
| Net Position | \$ 5,515,754 | \$ 633,381 | \$ 6,149,135 |

The notes to the financial statements are an integral part of this statement.

| Component Units | | | |
|----------------------|--|---------------------|------------------|
| Housing Authority | Science and Technology Authority | Higher Education | Nonmajor |
| \$ 144,638 | \$ 21,320 | \$ 207,961 | \$ 6,248 |
| 843,743 | 3,195 | 118,510 | 17,386 |
| 5,000 | 300 | 1,615 | |
| 601,114 | | 442,165 | 1,782 |
| 3,185 | 2,986 | 9,253 | |
| 43 | 383 | 3,281 | 10 |
| | | | 4,978 |
| | | 85,284 | 1 |
| | | 75,548 | 5,841 |
| 1,108 | 3,810 | 111,795 | |
| | | 13,189 | |
| 220 | 18,900 | 37,941 | 568 |
| 5,724 | 44,416 | 866,320 | 23,024 |
| | 24,337 | 86,629 | |
| 1,604,775 | 119,647 | 2,059,491 | 59,838 |
| 995 | 3,367 | 99,194 | |
| 11,984 | | | |
| 725 | | 5,240 | |
| 13,704 | 3,367 | 104,434 | 0 |
| 11,416 | 3,542 | 56,173 | 1,153 |
| 71 | | 1,019 | 8 |
| 5,477 | | 4,087 | 354 |
| | | 8,149 | 2,390 |
| 33,669 | 520 | 62,186 | 1,670 |
| 1,065,035 | 687 | 572,902 | 40,770 |
| 1,115,668 | 4,749 | 704,516 | 46,345 |
| 1,283 | 4,412 | 129,478 | |
| 43 | | 18 | |
| 1,326 | 4,412 | 129,496 | 0 |
| (441) | 87,131 | 541,189 | 1,084 |
| | | | |
| | | | |
| 416,629 | | 4,829 | 5,000 |
| 70,431 | | | |
| | | 214,422 | |
| | | 371,854 | |
| 819 | 2,764 | 81,512 | |
| | 4,397 | | |
| | 1,379 | | |
| | 3,830 | | |
| 14,047 | 10,000 | | |
| | 4,352 | 116,107 | 7,409 |
| \$ 501,485 | \$ 113,853 | \$ 1,329,913 | \$ 13,493 |

STATE OF SOUTH DAKOTA
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2015
(Expressed in Thousands)

| Functions/Programs | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
|---|---------------------|-----------------------------|---|---|
| Primary Government: | | | | |
| Governmental Activities: | | | | |
| General Government | \$ 185,273 | \$ 244,728 | \$ 10,381 | \$ |
| Education - Elementary, Secondary, and Vocational Schools | 210,271 | 8,489 | 173,353 | |
| Education - State Support to Higher Education | 192,950 | | | |
| Health, Human, and Social Services | 1,406,586 | 39,058 | 853,746 | 19,106 |
| Law, Justice, Public Protection, and Regulation | 279,097 | 85,252 | 63,296 | |
| Agriculture and Natural Resources | 140,921 | 76,994 | 40,767 | |
| Economic Resources | 74,004 | 1,611 | 7,670 | |
| Transportation | 507,300 | 9,007 | 344,329 | 2,840 |
| Intergovernmental - Payments to School Districts | 404,909 | | | |
| Intergovernmental - Revenue Sharing | 169,514 | | | |
| Unallocated Interest Expense | 6,712 | | | |
| Unallocated Depreciation | 53 | | | |
| Total Governmental Activities | 3,577,590 | 465,139 | 1,493,542 | 21,946 |
| Business-type Activities: | | | | |
| Lottery | 41,053 | 152,362 | 138 | |
| Clean Water State Revolving | 9,673 | 6,856 | 11,379 | |
| Drinking Water State Revolving | 8,651 | 4,197 | 14,305 | |
| Revolving Economic Development and Initiative | 450 | 1,013 | 708 | |
| Unemployment Insurance | 26,534 | 41,543 | 2,457 | |
| Second Injury | 1,891 | 8 | 20 | |
| State Fair | 3,264 | 2,867 | 29 | 2,810 |
| Federal Surplus Property | 4,388 | 4,263 | 7 | |
| Rural Rehabilitation | 421 | 315 | 165 | |
| Prison Industries | 2,410 | 2,751 | 23 | |
| Health Insurance Risk Pool | 2,282 | 2,009 | 553 | |
| Professional and Licensing | 7,558 | 8,140 | 151 | |
| Banking and Insurance | 3,973 | 4,481 | 58 | |
| Other | 2,910 | 3,853 | 12 | |
| Total Business-type Activities | 115,458 | 234,658 | 30,005 | 2,810 |
| Total Primary Government | \$ 3,693,048 | \$ 699,797 | \$ 1,523,547 | \$ 24,756 |
| Component Units: | | | | |
| Housing Authority | \$ 76,989 | \$ 65,258 | \$ 27,906 | \$ |
| Science and Technology Authority | 21,045 | 463 | 19,374 | 7,194 |
| Higher Education | 711,148 | 429,628 | 139,567 | 5,812 |
| Nonmajor | 6,658 | 3,469 | 582 | 1,333 |
| Total Component Units | \$ 815,840 | \$ 498,818 | \$ 187,429 | \$ 14,339 |

General Revenues:

Taxes:

Sales Taxes

Motor Fuel Taxes

Contractors Excise Taxes

Bank Card and Franchise Taxes

Other Taxes

Investment Earnings

State Support to Higher Education

Gain on Sale of Capital Assets

Miscellaneous

Additions to Endowments

Transfers

Total General Revenues, Additions to Endowments, and Transfers

Changes in Net Position

Net Position at Beginning of Year, as restated

Net Position at End of Year

The notes to the financial statements are an integral part of this statement.

| Net (Expenses) Revenue and Changes in Net Position | | | | | | |
|--|--------------------------|---------------------|-------------------|----------------------------------|---------------------|------------------|
| Primary Government | | | Component Units | | | |
| Governmental Activities | Business-type Activities | Total | Housing Authority | Science and Technology Authority | Higher Education | Nonmajor |
| \$ 69,836 | \$ | \$ 69,836 | | | | |
| (28,429) | | (28,429) | | | | |
| (192,950) | | (192,950) | | | | |
| (494,676) | | (494,676) | | | | |
| (130,549) | | (130,549) | | | | |
| (23,160) | | (23,160) | | | | |
| (64,723) | | (64,723) | | | | |
| (151,124) | | (151,124) | | | | |
| (404,909) | | (404,909) | | | | |
| (169,514) | | (169,514) | | | | |
| (6,712) | | (6,712) | | | | |
| (53) | | (53) | | | | |
| (1,596,963) | 0 | (1,596,963) | | | | |
| | 111,447 | 111,447 | | | | |
| | 8,562 | 8,562 | | | | |
| | 9,851 | 9,851 | | | | |
| | 1,271 | 1,271 | | | | |
| | 17,466 | 17,466 | | | | |
| | (1,863) | (1,863) | | | | |
| | 2,442 | 2,442 | | | | |
| | (118) | (118) | | | | |
| | 59 | 59 | | | | |
| | 364 | 364 | | | | |
| | 280 | 280 | | | | |
| | 733 | 733 | | | | |
| | 566 | 566 | | | | |
| | 955 | 955 | | | | |
| 0 | 152,015 | 152,015 | | | | |
| (1,596,963) | 152,015 | (1,444,948) | | | | |
| | | | \$ 16,175 | \$ | \$ | \$ |
| | | | | 5,986 | | |
| | | | | | (136,141) | |
| | | | | | | (1,274) |
| | | | 16,175 | 5,986 | (136,141) | (1,274) |
| 871,402 | | 871,402 | | | | |
| 151,901 | | 151,901 | | | | |
| 101,678 | | 101,678 | | | | |
| 20,669 | | 20,669 | | | | |
| 331,649 | | 331,649 | | | | |
| 47,130 | | 47,130 | | 216 | 12,538 | 60 |
| | | 0 | | | 192,950 | |
| 1,198 | | 1,198 | | | | |
| 81,275 | | 81,275 | | | | |
| | | 0 | | | 15,680 | |
| 113,558 | (113,558) | 0 | | | | |
| 1,720,460 | (113,558) | 1,606,902 | 0 | 216 | 221,168 | 60 |
| 123,497 | 38,457 | 161,954 | 16,175 | 6,202 | 85,027 | (1,214) |
| 5,392,257 | 594,924 | 5,987,181 | 485,310 | 107,651 | 1,244,886 | 14,707 |
| \$ 5,515,754 | \$ 633,381 | \$ 6,149,135 | \$ 501,485 | \$ 113,853 | \$ 1,329,913 | \$ 13,493 |

STATE OF SOUTH DAKOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2015
(Expressed in Thousands)

| | General Fund | Transportation | Social Services Federal | Dakota Cement Trust | Education Enhancement Trust | Nonmajor | Total |
|--|-------------------|-------------------|-------------------------------|---------------------------|-----------------------------------|-------------------|---------------------|
| Assets | | | | | | | |
| Cash and Cash Equivalents | \$ 275,909 | \$ 112,792 | \$ 8 | \$ 57,362 | \$ 108,740 | \$ 380,540 | \$ 935,351 |
| Restricted Cash | 1,421 | | | | | 7 | 1,428 |
| Investments | 11,282 | | | 247,366 | 404,373 | 160,667 | 823,688 |
| Restricted Investments | | | | | | 20,080 | 20,080 |
| Receivables from: | | | | | | | |
| Taxes, net | 114,403 | 17,227 | | | | 3,254 | 134,884 |
| Interest and Dividends | 1,214 | 236 | 2 | 772 | 1,515 | 1,627 | 5,366 |
| Other Funds | 43,785 | 1,319 | 5 | | | 5,631 | 50,740 |
| Component Units | 9 | 8 | | | | 205 | 222 |
| Other Governments | 875 | 55,972 | 35,726 | | | 76,922 | 169,495 |
| Loans and Notes, net | | 369 | | | | 49,944 | 50,313 |
| Other, net | 12,182 | 165 | 11,643 | | | 17,945 | 41,935 |
| Inventory | 2,291 | 18,416 | 18 | | | 2,142 | 22,867 |
| Advances to Component Units | | | | | | 1,413 | 1,413 |
| Other Assets | 1,620 | 288 | 146 | | | 1,361 | 3,415 |
| Restricted Other Assets | 216 | | | | | | 216 |
| Total Assets | \$ 465,207 | \$ 206,792 | \$ 47,548 | \$ 305,500 | \$ 514,628 | \$ 721,738 | \$ 2,261,413 |
| Liabilities, Deferred Inflows of Resources, and Fund Balances | | | | | | | |
| Liabilities: | | | | | | | |
| Accounts Payable and Other Liabilities | \$ 95,437 | \$ 48,003 | \$ 40,558 | \$ 105 | \$ 462 | \$ 34,465 | \$ 219,030 |
| Payable to: | | | | | | | |
| Other Funds | 4,599 | 1,230 | 5,325 | | 17,037 | 24,124 | 52,315 |
| Component Units | 5,204 | 98 | 90 | | | 1,490 | 6,882 |
| Other Governments | 12,954 | 4,104 | 131 | | | 61,477 | 78,666 |
| Claims, Judgments, and Compensated Absences | 154 | 19 | 20 | | | 81 | 274 |
| Unearned Revenue | 28,330 | 2,046 | 45 | | | 14,100 | 44,521 |
| Total Liabilities | 146,678 | 55,500 | 46,169 | 105 | 17,499 | 135,737 | 401,688 |
| Deferred Inflows of Resources: | | | | | | | |
| Unavailable Revenue | 389 | 13 | | | | 15,249 | 15,651 |
| Total Deferred Inflows of Resources | 389 | 13 | 0 | 0 | 0 | 15,249 | 15,651 |
| Fund Balances: | | | | | | | |
| Nonspendable | 3,911 | 18,704 | 163 | | 347,252 | 134,974 | 505,004 |
| Restricted | 10,479 | 132,575 | | 305,395 | 149,877 | 361,866 | 960,192 |
| Committed | | | | | | 51,119 | 51,119 |
| Assigned | 120,180 | | 1,216 | | | 26,417 | 147,813 |
| Unassigned | 183,570 | | | | | (3,624) | 179,946 |
| Total Fund Balances | 318,140 | 151,279 | 1,379 | 305,395 | 497,129 | 570,752 | 1,844,074 |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | \$ 465,207 | \$ 206,792 | \$ 47,548 | \$ 305,500 | \$ 514,628 | \$ 721,738 | \$ 2,261,413 |

The notes to the financial statements are an integral part of this statement.

STATE OF SOUTH DAKOTA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2015
(Expressed in Thousands)

Total Fund Balances - Governmental Funds **\$ 1,844,074**

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds. These assets consist of:

| | | |
|-----------------------------------|--------------------|-----------|
| Land and Construction in Progress | \$ 1,001,392 | |
| Infrastructure | 3,761,358 | |
| Other Capital Assets | 971,171 | |
| Accumulated Depreciation | <u>(1,901,804)</u> | |
| Total Capital Assets | | 3,832,117 |

| | | |
|--|--|---------|
| Net pension asset used in governmental activities is not a financial resource and is therefore not reported in the governmental funds. | | 144,677 |
|--|--|---------|

Deferred outflows of resources are not reported in the governmental funds:

| | | |
|---------------------------|--------------|---------|
| Related to Pension | 129,039 | |
| Related to Debt Refunding | <u>5,661</u> | |
| Total Deferred Outflows | | 134,700 |

| | | |
|---|--|--------|
| Internal service funds are used by management to charge costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position. | | 61,742 |
|---|--|--------|

Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities are:

| | | |
|-----------------------------|-----------------|-----------|
| Bonds and Notes | (175,334) | |
| Accrued Interest on Bonds | (5,977) | |
| Capital Leases | (100,941) | |
| Compensated Absences | (52,411) | |
| Pollution Remediation | <u>(14,986)</u> | |
| Total Long-Term Liabilities | | (349,649) |

Deferred inflows of resources are not reported in the governmental funds:

| | | |
|--|------------------|------------------|
| Revenues not available soon enough after year-end to pay for the current period's expenditures | 15,651 | |
| Related to Pensions | <u>(167,558)</u> | |
| Total Deferred Inflows | | <u>(151,907)</u> |

| | | |
|--|--|----------------------------|
| Net Position of Governmental Activities | | <u>\$ 5,515,754</u> |
|--|--|----------------------------|

The notes to the financial statements are an integral part of this statement.

STATE OF SOUTH DAKOTA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2015
(Expressed in Thousands)

| | General Fund | Transportation | Social Services Federal | Dakota Cement Trust | Education Enhancement Trust | Nonmajor | Total |
|---|-------------------|-------------------|-------------------------------|---------------------------|-----------------------------------|-------------------|---------------------|
| Revenue: | | | | | | | |
| Taxes | \$ 1,137,943 | \$ 232,787 | \$ | \$ | \$ | \$ 111,907 | \$ 1,482,637 |
| Licenses, Permits, and Fees | 10,267 | 5,318 | | | | 266,157 | 281,742 |
| Fines, Forfeits, and Penalties | 368 | | | | | 14,148 | 14,516 |
| Use of Money and Property | 6,658 | 1,114 | 7 | 14,110 | 21,627 | 16,349 | 59,865 |
| Sales and Services | 23,463 | 83 | | | | 18,985 | 42,531 |
| Administering Programs | 10 | 345,552 | 679,328 | | | 478,472 | 1,503,362 |
| Tobacco Settlement | | | | | | 23,421 | 23,421 |
| Other Revenue | 58,431 | 2,024 | 4,093 | | | 13,066 | 77,614 |
| Total Revenue | 1,237,140 | 586,878 | 683,428 | 14,110 | 21,627 | 942,505 | 3,485,688 |
| Expenditures: | | | | | | | |
| Current: | | | | | | | |
| General Government | 52,024 | | | 273 | 637 | 34,851 | 87,785 |
| Education | 25,280 | | | | | 181,209 | 206,489 |
| Education - Payments to School Districts | 404,909 | | | | | | 404,909 |
| Education - State Support to Higher Education | 192,950 | | | | | | 192,950 |
| Health, Human, and Social Services | 529,791 | | 683,193 | | | 222,866 | 1,435,850 |
| Law, Justice, Public Protection, and Regulation | 152,431 | 18,798 | | | | 110,459 | 281,688 |
| Agriculture and Natural Resources | 16,163 | | | | | 127,303 | 143,466 |
| Economic Resources | 28,745 | | | | | 45,437 | 74,182 |
| Transportation | | 545,223 | | | | 9,313 | 554,536 |
| State Shared Revenue Paid to Other Governments | 37,685 | | | | | 131,829 | 169,514 |
| Capital Outlay | | | | | | 2,038 | 2,038 |
| Debt Service: | | | | | | | |
| Principal | | | | | | 17,272 | 17,272 |
| Interest | | | | | | 9,261 | 9,261 |
| Bond Issuance Costs | | | | | | 346 | 346 |
| Total Expenditures | 1,439,978 | 564,021 | 683,193 | 273 | 637 | 892,184 | 3,580,286 |
| Excess of Revenues Over (Under) Expenditures | (202,838) | 22,857 | 235 | 13,837 | 20,990 | 50,321 | (94,598) |
| Other Financing Sources (Uses): | | | | | | | |
| Capital Leases | | | | | | 1,125 | 1,125 |
| Bonds Issued | | | | | | 13,410 | 13,410 |
| Premiums on Bond Issuance | | | | | | 314 | 314 |
| Proceeds of Refunding Bonds | | | | | | 10,408 | 10,408 |
| Premiums on Refunding Bonds | | | | | | 1,657 | 1,657 |
| Proceeds from Sale of Capital Assets | 59 | 1,449 | | | | 591 | 2,099 |
| Payments on Advance Refundings | | | | | | (11,379) | (11,379) |
| Transfers In | 215,302 | 6,378 | | | 5,521 | 44,100 | 271,301 |
| Transfers Out | (14,700) | (4,308) | (227) | (10,804) | (17,037) | (111,706) | (158,782) |
| Net Other Financing Sources (Uses) | 200,661 | 3,519 | (227) | (10,804) | (11,516) | (51,480) | 130,153 |
| Net Change in Fund Balances | (2,177) | 26,376 | 8 | 3,033 | 9,474 | (1,159) | 35,555 |
| Fund Balances at Beginning of Year | 320,317 | 124,903 | 1,371 | 302,362 | 487,655 | 571,911 | 1,808,519 |
| Fund Balances at End of Year | \$ 318,140 | \$ 151,279 | \$ 1,379 | \$ 305,395 | \$ 497,129 | \$ 570,752 | \$ 1,844,074 |

The notes to the financial statements are an integral part of this statement.

STATE OF SOUTH DAKOTA
RECONCILIATION OF THE CHANGE IN FUND BALANCES OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2015
(Expressed in Thousands)

Net Change in Fund Balances - Total Governmental Funds **\$ 35,555**

Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlays are reported as expenditures in governmental funds. However, in the Statement of Activities, the cost of capital assets is allocated over the useful lives as depreciation expense. In the current period, these amounts are:

| | | | |
|--|----|-----------|--------|
| Capital Outlay | \$ | 157,293 | |
| Depreciation Expense | | (101,296) | |
| Excess of Capital Outlay Over Depreciation Expense | | | 55,997 |

The net effect of various miscellaneous transactions involving capital assets, including sales, donations, and trade-ins, is to decrease net position. (11,124)

Capital leases entered into during the fiscal year are reported as other financing sources in the governmental funds. However, it is not reported in the Statement of Activities as it is shown as an increase in long-term liabilities in the Statement of Net Position. (1,125)

Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. In the current year, these amounts consist of:

| | | | |
|--------------------------------|--------|-------|--------|
| Bond Principal Retirement | 28,651 | | |
| Capital Lease Payments | | 1,688 | |
| Total Long-Term Debt Repayment | | | 30,339 |

Internal service funds are used by management to charge costs of certain activities to individual funds. The net revenue (expense) of certain activities of internal service funds is reported in governmental activities. 15,366

Net effect of revenues reported on the accrual basis in the Statement of Activities that do not provide current financial resources and thus are not reported as revenues in the funds until available. (5,212)

The issuance of bonds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are recognized in future periods in the Statement of Activities.

| | | | |
|--|----------|---------|----------|
| Bonds Issued | (23,818) | | |
| Bond Refunding Costs | | (32) | |
| Bond Premium | | (1,634) | |
| Total Amounts Related to Bond Issuance | | | (25,484) |

Some items reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

| | | | |
|--|-------|---------|--------|
| Net (Increase) Decrease in Accrued Interest | 2,689 | | |
| (Increase) Decrease in Compensated Absences | | (1,817) | |
| (Increase) Decrease in Net Pension Costs | | 28,470 | |
| (Increase) Decrease in Pollution Remediation | | (157) | |
| Total Additional Expenditures | | | 29,185 |

Change in Net Position of Governmental Activities **\$ 123,497**

The notes to the financial statements are an integral part of this statement.

STATE OF SOUTH DAKOTA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2015
(Expressed in Thousands)

| Assets | Business-type Activities - Enterprise Funds | | | | | Governmental Activities |
|---|---|-----------------------------|--------------------------------|-------------------|-------------------|-------------------------|
| | Major | | | | Total | Internal Service Funds |
| | Lottery | Clean Water State Revolving | Drinking Water State Revolving | Nonmajor | | |
| Current Assets: | | | | | | |
| Cash and Cash Equivalents | \$ 8,749 | \$ 29,601 | \$ 20,256 | \$ 196,265 | \$ 254,871 | \$ 89,347 |
| Receivables: | | | | | | |
| Interest and Dividends | 39 | 2,730 | 1,838 | 353 | 4,960 | 202 |
| Other Funds | | | | 693 | 693 | 8,297 |
| Component Units | | | | 33 | 33 | 843 |
| Other Governments | | 397 | 409 | 254 | 1,060 | 95 |
| Loans and Notes, net | | 20,743 | 10,927 | 9,477 | 41,147 | |
| Other, net | 4,848 | | | 1,751 | 6,599 | 1,158 |
| Investments | | 17,020 | 11,439 | | 28,459 | |
| Inventory | | | | 2,555 | 2,555 | 577 |
| Advances to Component Units | | 877 | | | 877 | |
| Other Assets | 16 | | | 159 | 175 | 2,974 |
| Total Current Assets | 13,652 | 71,368 | 44,869 | 211,540 | 341,429 | 103,493 |
| Due From Other Funds | | | | 500 | 500 | |
| Restricted Assets: | | | | | | |
| Restricted Cash | 28 | 3 | | 2,810 | 2,841 | |
| Restricted Investments | 456 | 96 | | | 552 | |
| Net Pension Asset | 544 | 93 | 77 | 2,763 | 3,477 | 10,842 |
| Other | 701 | | | | 701 | |
| Investments | | 105,214 | 61,755 | | 166,969 | |
| Capital Assets: | | | | | | |
| Land and Other Non-depreciable Assets | | | | 295 | 295 | |
| Property, Plant, and Equipment | 4,272 | | | 6,623 | 10,895 | 102,646 |
| Accumulated Depreciation | (3,211) | | | (5,168) | (8,379) | (70,320) |
| Construction in Progress | | | | | 0 | 1,553 |
| Total Capital Assets | 1,061 | 0 | 0 | 1,750 | 2,811 | 33,879 |
| Advances to Component Units | | 21,399 | | | 21,399 | |
| Other Noncurrent Assets | | 213,196 | 132,072 | 30,287 | 375,555 | |
| Total Assets | 16,442 | 411,369 | 238,773 | 249,650 | 916,234 | 148,214 |
| Deferred Outflows of Resources | | | | | | |
| Deferred Outflow Related to Pensions | 483 | 84 | 70 | 2,458 | 3,095 | 9,695 |
| Deferred Amount from Refunding of Bonds | | 3,590 | 2,514 | | 6,104 | |
| Total Deferred Outflows of Resources | 483 | 3,674 | 2,584 | 2,458 | 9,199 | 9,695 |
| Liabilities | | | | | | |
| Current Liabilities: | | | | | | |
| Accounts Payable and Other Liabilities | 2,518 | 650 | 212 | 6,085 | 9,465 | 5,960 |
| Payable to: | | | | | | |
| Other Funds | 6,043 | 2 | 1 | 344 | 6,390 | 1,352 |
| Component Units | | | | | 0 | 33 |
| Escrow Payable | 69 | | | | 69 | |
| Bonds, Notes, and Leases Payable | | 10,262 | 5,703 | | 15,965 | 3,732 |
| Claims, Judgments, and Compensated Absences | 181 | 37 | 24 | 685 | 927 | 22,043 |
| Accrued Interest Payable | | 3,044 | 988 | | 4,032 | |
| Unearned Revenue | 272 | | | 1,640 | 1,912 | 11,033 |
| Total Current Liabilities | 9,083 | 13,995 | 6,928 | 8,754 | 38,760 | 44,153 |
| Noncurrent Liabilities: | | | | | | |
| Bonds, Notes, and Leases Payable | | 182,826 | 65,026 | | 247,852 | 11,679 |
| Claims, Judgments, and Compensated Absences | 160 | 33 | 21 | 535 | 749 | 27,723 |
| Other Noncurrent Liabilities | | | 662 | | 662 | 54 |
| Total Noncurrent Liabilities | 160 | 182,859 | 65,709 | 535 | 249,263 | 39,456 |
| Total Liabilities | 9,243 | 196,854 | 72,637 | 9,289 | 288,023 | 83,609 |
| Deferred Inflows of Resources | | | | | | |
| Deferred Inflow Related to Pensions | 630 | 108 | 89 | 3,202 | 4,029 | 12,558 |
| Total Deferred Inflows of Resources | 630 | 108 | 89 | 3,202 | 4,029 | 12,558 |
| Net Position | | | | | | |
| Net Investment in Capital Assets | 1,060 | | | 1,750 | 2,810 | 18,468 |
| Restricted for: | | | | | | |
| Debt Service | | 99 | | | 99 | |
| Pensions | 397 | 70 | 58 | 2,020 | 2,545 | 7,979 |
| Other | 701 | | | 2,810 | 3,511 | |
| Unrestricted | 4,894 | 217,912 | 168,573 | 233,037 | 624,416 | 35,295 |
| Total Net Position | \$ 7,052 | \$ 218,081 | \$ 168,631 | \$ 239,617 | \$ 633,381 | \$ 61,742 |

The notes to the financial statements are an integral part of this statement.

STATE OF SOUTH DAKOTA
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2015
(Expressed in Thousands)

| | Business-type Activities - Enterprise Funds | | | | | Governmental Activities |
|---|---|-----------------------------|--------------------------------|-------------------|-------------------|-------------------------|
| | Major | | | | | Internal Service Funds |
| | Lottery | Clean Water State Revolving | Drinking Water State Revolving | Nonmajor | Total | |
| Operating Revenue: | | | | | | |
| Licenses, Permits, and Fees | \$ 1,523 | \$ | \$ | \$ 14,366 | \$ 15,889 | \$ |
| Use of Money and Property | | 5,414 | 3,312 | 1,442 | 10,168 | 9 |
| Sales and Services | 150,745 | 1,438 | 882 | 12,480 | 165,545 | 236,971 |
| Administering Programs | | | | 64 | 64 | |
| Assessments | | | | 41,551 | 41,551 | |
| Other Revenue | 23 | 4 | 3 | 1,359 | 1,389 | 3,982 |
| Total Operating Revenue | 152,291 | 6,856 | 4,197 | 71,262 | 234,606 | 240,962 |
| Operating Expenses: | | | | | | |
| Personal Services and Benefits | 1,767 | 322 | 270 | 9,743 | 12,102 | 36,543 |
| Travel | 130 | 12 | 8 | 853 | 1,003 | 700 |
| Contractual Services | 7,940 | 688 | 639 | 9,000 | 18,267 | 49,991 |
| Supplies and Materials | 655 | 2 | 2 | 5,511 | 6,170 | 14,972 |
| Grant and Other | 73 | 2,436 | 5,337 | (15) | 7,831 | 1 |
| Interest | | 6,197 | 2,389 | | 8,586 | 329 |
| Depreciation/Amortization | 726 | | | 156 | 882 | 6,441 |
| Lottery Prizes | 29,745 | | | | 29,745 | |
| Insurance Claims | | | | 30,455 | 30,455 | 119,002 |
| Total Operating Expenses | 41,036 | 9,657 | 8,645 | 55,703 | 115,041 | 227,979 |
| Operating Income (Loss) | 111,255 | (2,801) | (4,448) | 15,559 | 119,565 | 12,983 |
| Nonoperating Revenue (Expenses): | | | | | | |
| Gain on Disposal of Assets | | | | | 0 | 671 |
| Loss on Disposal of Assets | | | | (2) | (2) | (109) |
| Interest Income | 138 | 3,916 | 2,645 | 3,486 | 10,185 | 817 |
| Other Expense | (17) | (16) | (6) | (376) | (415) | (86) |
| Grant and Other Income | 71 | 7,463 | 11,660 | 678 | 19,872 | |
| Total Nonoperating Revenue (Expenses) | 192 | 11,363 | 14,299 | 3,786 | 29,640 | 1,293 |
| Income (Loss) Before Capital Contributions and Transfers | 111,447 | 8,562 | 9,851 | 19,345 | 149,205 | 14,276 |
| Capital Contributions and Transfers: | | | | | | |
| Capital Contributions | | | | 2,810 | 2,810 | 51 |
| Transfers In | | | | 3,345 | 3,345 | 1,384 |
| Transfers Out | (112,074) | (41) | (34) | (4,754) | (116,903) | (345) |
| Net Capital Contributions and Transfers | (112,074) | (41) | (34) | 1,401 | (110,748) | 1,090 |
| Change in Net Position | (627) | 8,521 | 9,817 | 20,746 | 38,457 | 15,366 |
| Net Position at Beginning of Year, as restated | 7,679 | 209,560 | 158,814 | 218,871 | 594,924 | 46,376 |
| Net Position at End of Year | \$ 7,052 | \$ 218,081 | \$ 168,631 | \$ 239,617 | \$ 633,381 | \$ 61,742 |

The notes to the financial statements are an integral part of this statement.

STATE OF SOUTH DAKOTA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2015
(Expressed in Thousands)

| | Business-type Activities - Enterprise Funds | | | | | Governmental Activities |
|--|---|-----------------------------|--------------------------------|-------------------|-------------------|-------------------------|
| | Major | | | | | Internal Service Funds |
| | Lottery | Clean Water State Revolving | Drinking Water State Revolving | Nonmajor | Total | |
| Cash Flows from Operating Activities: | | | | | | |
| Receipts from Customers and Users | \$ 152,207 | \$ 1,548 | \$ 896 | \$ 65,927 | \$ 220,578 | \$ 92,915 |
| Receipts from Interfund Services Provided | | | | 4,144 | 4,144 | 147,232 |
| Receipts from Federal Agencies | | | | 70 | 70 | |
| Receipts from Loan Payments | | 25,790 | 20,779 | 20,652 | 67,221 | |
| Payments to Suppliers and for Benefits and Claims | (7,748) | (1,319) | (631) | (44,175) | (53,873) | (175,920) |
| Payments for Employee Services | (1,838) | (341) | (285) | (10,017) | (12,481) | (37,801) |
| Payments for Interfund Services Used | (933) | | | (1,869) | (2,802) | (8,727) |
| Payments for Lottery Prizes | (29,334) | | | | (29,334) | |
| Payments for Principal Forgiveness | | (1,286) | (4,553) | | (5,839) | |
| Payments for Loans Originated | | (25,124) | (14,620) | (16,458) | (56,202) | |
| Other Receipts (Payments) | 108 | (351) | (187) | 40 | (390) | 208 |
| Net Cash Provided (Used) by Operating Activities | 112,462 | (1,083) | 1,399 | 18,314 | 131,092 | 17,907 |
| Cash Flows From Capital and Related Financing Activities: | | | | | | |
| Capital Contributions | | | | 2,810 | 2,810 | |
| Purchases of Capital Assets | | | | (44) | (44) | (3,291) |
| Construction in Progress | | | | | | (729) |
| Sales of Capital Assets | | | | | | 1,241 |
| Payments on Capital Lease Obligations | | | | | | (3,583) |
| Net Cash Provided (Used) by Capital and Related Financing Activities | 0 | 0 | 0 | 2,766 | 2,766 | (6,362) |
| Cash Flows From Noncapital Financing Activities: | | | | | | |
| Transfers In | | | | 3,846 | 3,846 | 1,384 |
| Transfers Out | (112,448) | (41) | (34) | (4,754) | (117,277) | (345) |
| Received (Paid) on Interfund Borrowing | | | | (2) | (2) | |
| Issuance of Bonds | | 57,342 | 12,075 | | 69,417 | |
| Principal Payments on Bonds and Notes | | (7,580) | (4,475) | | (12,055) | |
| Bond Issuance Costs | | (318) | (69) | | (387) | |
| Interest Payments on Bonds and Notes | | (5,845) | (2,183) | | (8,028) | |
| Receipts for Administering Program | | 6,986 | 11,461 | | 18,447 | |
| Other Noncapital Financing Activities | | 429 | 209 | 475 | 1,113 | |
| Net Cash Provided (Used) by Noncapital Financing Activities | (112,448) | 50,973 | 16,984 | (435) | (44,926) | 1,039 |
| Cash Flows From Investing Activities: | | | | | | |
| Investment Income | 147 | 3,799 | 2,675 | 3,491 | 10,112 | 765 |
| Investment Expense | (17) | (16) | (6) | (116) | (155) | (86) |
| Purchase of Investment Securities | | (52,286) | (20,525) | | (72,811) | |
| Proceeds from the Sale and Maturity of Investments | | 17,181 | 9,480 | | 26,661 | |
| Net Cash Provided (Used) by Investing Activities | 130 | (31,322) | (8,376) | 3,375 | (36,193) | 679 |
| Net Increase (Decrease) in Cash and Cash Equivalents During the Fiscal Year | 144 | 18,568 | 10,007 | 24,020 | 52,739 | 13,263 |
| Cash and Cash Equivalents at Beginning of Year | 8,633 | 11,036 | 10,249 | 175,055 | 204,973 | 76,084 |
| Cash and Cash Equivalents at End of Year | \$ 8,777 | \$ 29,604 | \$ 20,256 | \$ 199,075 | \$ 257,712 | \$ 89,347 |

Continued on next page

STATE OF SOUTH DAKOTA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (continued)
For the Fiscal Year Ended June 30, 2015
(Expressed in Thousands)

| | Business-type Activities - Enterprise Funds | | | | | Governmental Activities |
|---|---|-----------------------------|--------------------------------|------------------|-------------------|-------------------------|
| | Major | | | | | Internal Service Funds |
| | Lottery | Clean Water State Revolving | Drinking Water State Revolving | Nonmajor | Total | |
| Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities: | | | | | | |
| Operating Income (Loss) | \$ 111,255 | \$ (2,801) | \$ (4,448) | \$ 15,559 | \$ 119,565 | \$ 12,983 |
| Adjustments to Reconcile Operating Income (Loss): | | | | | | |
| Depreciation/Amortization Expense | 726 | | | 156 | 882 | 6,441 |
| Interest Expense | | 6,196 | 2,389 | | 8,585 | 305 |
| Bond Issuance Costs | | 318 | 69 | | 387 | |
| Miscellaneous Nonoperating Items | 71 | | | | 71 | |
| Decrease/(Increase) in Assets: | | | | | | |
| Accounts Receivable | (3) | | | 249 | 246 | (352) |
| Interest, Dividends & Penalties Receivable | | 439 | 98 | 81 | 618 | |
| Loans and Notes Receivable | | (5,187) | 2,748 | 2,714 | 275 | |
| Due From Other Funds | | | | 105 | 105 | (365) |
| Due From Component Units | | | | (22) | (22) | 12 |
| Due From Other Governments | | 110 | 15 | 73 | 198 | 47 |
| Inventory | | | | 304 | 304 | 96 |
| Other Assets | (16) | | | 12 | (4) | (314) |
| Other Restricted Assets | 119 | | | | 119 | |
| Restricted Net Pension Asset | (331) | (57) | (47) | (1,681) | (2,116) | (6,598) |
| Decrease/(Increase) in Deferred Outflows of Resources: | | | | | | |
| Deferred Outflows Related to Pensions | (404) | (71) | (59) | (2,056) | (2,590) | (8,118) |
| Increase/(Decrease) in Liabilities: | | | | | | |
| Accounts Payable | 377 | 13 | 20 | 242 | 652 | 267 |
| Accrued Liabilities | 35 | 1 | 3 | 7 | 46 | 169 |
| Compensated Absences Payable | | (4) | (5) | 85 | 76 | 307 |
| Due To Other Funds | (5) | | | 6 | 1 | (337) |
| Due To Component Units | | | | | | (25) |
| Due To Other Governments | 21 | (148) | 527 | (3) | 397 | 42 |
| Unearned Revenue | (15) | | | (569) | (584) | 1,108 |
| Escrow Payable | 4 | | | | 4 | |
| Policy Claim Liabilities | | | | (150) | (150) | (319) |
| Other Liabilities | (2) | | | | (2) | |
| Increase/(Decrease) in Deferred Inflows of Resources: | | | | | | |
| Deferred Inflows Related to Pensions | 630 | 108 | 89 | 3,202 | 4,029 | 12,558 |
| Net Cash Provided (Used) by Operating Activities | \$ 112,462 | \$ (1,083) | \$ 1,399 | \$ 18,314 | \$ 131,092 | \$ 17,907 |
| Noncash Investing, Capital, and Financing Activities: | | | | | | |
| Gain (Loss) on Disposal of Fixed Assets | \$ | \$ | \$ | \$ | \$ | \$ 564 |
| Capital Lease Obligations Entered Into | | | | | | 5,606 |
| Transfers In (Out) of Fixed Assets | | | | | | 51 |

The notes to the financial statements are an integral part of this statement.

STATE OF SOUTH DAKOTA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2015
(Expressed in Thousands)

| | South Dakota Retirement System Pension Trust Fund | Private Purpose Trust Funds | Agency Funds |
|--|---|--------------------------------------|------------------|
| Assets | | | |
| Cash and Cash Equivalents | \$ 6,807 | \$ 49,276 | \$ 38,381 |
| Receivables: | | | |
| Employer | 2,434 | | |
| Employee | 2,552 | | |
| Benefits | 37 | | |
| Unsettled Investment Sales | 1,607 | | |
| Taxes Receivable | | | 42,507 |
| Due From Other Funds | | 110 | |
| Due From Other Governments | | | 12 |
| Investment Income | 21,693 | 547 | 6 |
| Other | | 62 | 574 |
| Total Receivables | 28,323 | 719 | 43,099 |
| Investments, at Fair Value: | | | |
| Fixed Income | 2,754,773 | | |
| Equities | 5,986,036 | | |
| Real Estate | 1,155,045 | | |
| Private Equity | 861,980 | | |
| Pooled Investment Funds | | 169,717 | |
| Total Investments | 10,757,834 | 169,717 | 0 |
| Properties, at cost | 22 | 14,011 | |
| Accumulated Depreciation | (10) | | |
| Computer Software Development in Progress | 1,041 | | |
| Other Assets | 12 | 10 | |
| Total Assets | 10,794,029 | 233,733 | \$ 81,480 |
| Liabilities | | | |
| Payables: | | | |
| Accounts Payable and Other Liabilities | 5,865 | 222 | \$ 11,150 |
| Due To Other Funds | 69 | 214 | |
| Due To Other Governments | | | 70,330 |
| Compensated Absences Payable | 298 | | |
| Unsettled Investment Purchases | 11,263 | | |
| Total Liabilities | 17,495 | 436 | \$ 81,480 |
| Net Position | | | |
| Restricted for Pension Benefits | 10,776,534 | | |
| Restricted for Individuals and Other Governments | | 233,297 | |
| Total Net Position | \$ 10,776,534 | \$ 233,297 | |

The notes to the financial statements are an integral part of this statement.

STATE OF SOUTH DAKOTA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Fiscal Year Ended June 30, 2015
(Expressed in Thousands)

| | South Dakota Retirement System Pension Trust Fund | Private Purpose Trust Funds |
|--|--|--|
| Additions | | |
| Contributions: | | |
| Employee | \$ 110,153 | \$ |
| Employer | 109,550 | |
| From Clients and Inmates | | 9,023 |
| Other | | 7,103 |
| Total Contributions | 219,703 | 16,126 |
| Investment Income: | | |
| <i>From Investing Activities</i> | | |
| Net Increase (Decrease) in Fair Value of Investments | 170,553 | 4,166 |
| Interest | 56,294 | |
| Dividends | 163,962 | |
| Real Estate | 65,168 | 488 |
| Pooled Interest and Dividends | | 4,101 |
| Total Investment Activity Income | 455,977 | 8,755 |
| Less Investment Activity Expenses | (21,356) | |
| Net Investment Income (Loss) | 434,621 | 8,755 |
| <i>From Security Lending Activities</i> | | |
| Securities Lending Income | 1,493 | 12 |
| Securities Lending Expenses | (432) | |
| Escheated Property | | 1 |
| Miscellaneous Income | | 635 |
| Total Additions | 655,385 | 25,529 |
| Deductions | | |
| Benefits | 456,297 | |
| Refunds of Contributions | 26,197 | |
| Distribution to School Districts | | 9,969 |
| Payments Made for Trust Purposes | | 10,215 |
| Administrative Expenses | 3,911 | 4 |
| Total Deductions | 486,405 | 20,188 |
| Change in Net Position | 168,980 | 5,341 |
| Net Position at Beginning of Year | 10,607,554 | 227,956 |
| Net Position at End of Year | \$ 10,776,534 | \$ 233,297 |

The notes to the financial statements are an integral part of this statement.



NOTES TO THE FINANCIAL STATEMENTS

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NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). GAAP allows for and requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

B. Reporting Entity

For financial reporting purposes, the State of South Dakota (the State) reporting entity includes the primary government and its component units. The primary government consists of state departments, bureaus, boards, and commissions. Component units are legally separate governmental organizations for which the State is considered to be financially accountable and other organizations for which the nature of their relationship is such that exclusion would cause the State's financial statements to be misleading or incomplete.

Blended Component Units

Blended component units are legally separate entities that are, in substance, part of the State's primary government. A component unit is blended if: (1) services are provided, or almost entirely provided, to primary government or otherwise exclusively, or almost exclusively, benefits primary government; (2) the governing body is substantively the same as the governing board of the primary government; or (3) the component unit's total debt outstanding is expected to be repaid entirely, or almost entirely, by primary government.

The State's blended component units are:

The South Dakota Building Authority (SDBA) was created and organized by Chapter 5-12 of the South Dakota Codified Laws. The purpose of the SDBA is to build and otherwise provide certain facilities for use by the State. Amounts issued by the SDBA shall not be deemed to constitute a debt of the State of South Dakota or any political subdivision thereof. The SDBA is authorized to issue revenue bonds, notes, or other obligations on behalf of state institutions for the purpose of constructing, equipping and improving facilities, or refinancing of outstanding debt. The seven members are appointed by the Governor, with the advice and consent of the Senate. No person shall be appointed to the SDBA who is an elected official of the State of South Dakota or any subdivision thereof. One of the members shall be designated by the Governor as chairman. The indebtedness or obligations incurred or created by the SDBA may not be or become a lien, charge, or liability against the State of South Dakota. Because the State of South Dakota is able to impose its will over the SDBA, and because the services provided by the SDBA are almost entirely provided to the State of South Dakota, it is considered a blended component unit. This financial presentation does not change the legal liability of the indebtedness.

The South Dakota Conservancy District (SDCD) was created by the Legislature under Chapter 46A-2 of the South Dakota Codified Law as a body politic and corporate for the purpose of constructing water resource facilities for the conservation, storage, distribution, and utilization of water for multiple purposes within the State of South Dakota. The SDCD has two funds, the Clean Water State Revolving Fund and the Drinking Water State Revolving Fund. The Clean Water State Revolving Fund is a low interest loan program to finance the construction of wastewater facilities, storm sewers and non-point source pollution control projects. The Drinking Water State Revolving Fund is a low interest loan program to finance drinking water projects. The SDCD bonds do not constitute a debt or liability of the State of South Dakota, or a pledge of the faith and credit of the State. Because the State of South Dakota is able to impose its will over the SDCD and the governing body is substantively the same as the governing body of the primary government, it is considered a blended component unit and will be included in primary government. This financial presentation does not change the legal liability of the indebtedness.

The Education Enhancement Funding Corporation (EEFC) is a special purpose corporation, organized under Chapter 5-12 of the South Dakota Codified Law. The EEFC was established to purchase all of the State of South Dakota's future right, title and interest in the Tobacco Settlement Revenues (TSRs) under the Master Settlement Agreement. The purchase price of the State's future right, title and interest in the TSRs has been financed by the issuance of the Bonds and the Residual Certificate. The Residual Certificate represents the right of the State to receive all amounts required to be distributed after payment of all outstanding bonds and other liabilities of the EEFC as set forth in the Trust Indenture. Obligations issued by the EEFC shall not be deemed to constitute a debt or liability or obligation of the State. Because there is a financial benefit/burden relationship between the Corporation and the State of South Dakota and the services provided by the EEFC are entirely provided to the State of South Dakota it is considered a blended component unit. This financial presentation does not change the legal liability of the indebtedness.

Discretely Presented Component Units

Discretely presented component units are legally separate organizations that are either financially accountable to the State, or their exclusion would cause the State's financial statements to be misleading or incomplete. Discretely presented component units are reported in separate columns or rows in the government-wide financial statements to emphasize that they are legally separate from the State.

The State's major discretely presented component units are:

The South Dakota Housing Development Authority (SDHDA) was created by the Legislature under Chapter 11-11 of the South Dakota Codified Law for the purpose of encouraging the investment of private capital and stimulating the construction and rehabilitation of residential housing for the people of the State of South Dakota. The SDHDA issues negotiable notes and bonds in amounts authorized by the Governor of South Dakota. Notes and bonds of the SDHDA do not constitute a debt or liability of the State of South Dakota, or a pledge of the faith and credit of the State. These notes and bonds are payable solely from the revenues or assets of the SDHDA. Because the State of South Dakota is able to impose its will over the SDHDA, but does not meet any of GASB's criteria for blending, it is considered a discretely presented component unit of the State. This financial presentation does not change the legal liability of the indebtedness.

The South Dakota Science and Technology Authority (SDSTA) were created by the Legislature under Chapter 1-16H of the South Dakota Codified Law to foster and facilitate science and technology investigation, experimentation, and development. The initial focus of the SDSTA was to support the transfer of the Homestake Gold Mine in Lead, South Dakota for development by the research community to become the world's premier underground Science and Engineering Laboratory. Past history has established a pattern of the State of South Dakota assuming the obligation to finance the organization which creates a financial benefit/burden relationship. This relationship does not meet any of GASB's criteria for blending; therefore it is considered a discretely presented component unit of the State. This financial presentation does not change the legal liability of the indebtedness.

The South Dakota Board of Regents (SDBOR) was created under Article XIV of the Constitution of the State of South Dakota. Chapter 13-49 of the South Dakota Codified Law establishes the authority for SDBOR to govern the system of public higher education in the State of South Dakota. The system's primary goal is to provide high quality, diverse educational opportunities and services to the people of South Dakota through the effective use of the resources entrusted to it. Because the State of South Dakota is able to impose its will over SDBOR and a financial benefit/burden relationship exists, but does not meet any of GASB's criteria for blending, it is considered a discretely presented component unit of the State. (Affiliated organizations of Higher Education were excluded from the amounts reported in the notes to the financial statements.)

The State's nonmajor discretely presented component units are:

The South Dakota Value Added Finance Authority (SDVAFA) was created by the Legislature under Chapter 1-16E of the South Dakota Codified Law for the purpose of administering the beginning farmer bond and agribusiness bonding programs and making annual recommendations to the Legislature and Governor on programs to develop and promote agricultural processing activity in the State of South Dakota. The principal and interest on the bonds do not constitute an indebtedness of the State of South Dakota. Because the State of South Dakota is able to impose its will over the SDVAFA but does not meet any of GASB's criteria for blending, it

is considered a discretely presented component unit of the State. This financial presentation does not change the legal liability of the indebtedness.

The South Dakota Economic Development Finance Authority (SDEDFA) was created by the Legislature under Chapter 01-16B of the South Dakota Codified Law for the purpose of making loans to businesses to spawn economic growth. Obligations issued by the SDEDFA shall not be deemed to constitute a debt or liability or obligation of the State. Because the State of South Dakota is able to impose its will over the SDEDFA but does not meet any of GASB's criteria for blending, it is considered a discretely presented component unit of the State. This financial presentation does not change the legal liability of the indebtedness.

The South Dakota Ellsworth Development Authority (SDEDA) was established by the Legislature under Chapter 01-16J of the South Dakota Codified Law for the purpose of protecting and promoting the economic impact of Ellsworth Air Force Base and associated industry. Payments of the principal of, or interest on, and bonds, notes, instruments, or obligations issued by the SDEDA shall not be deemed to constitute a debt or liability or obligation of the State. Because the State of South Dakota is able to impose its will over the SDEDA but does not meet any of GASB's criteria for blending, it is considered a discretely presented component unit of the State. This financial presentation does not change the legal liability of the indebtedness.

Related Organizations

The **South Dakota Health and Educational Facilities Authority (SDHEFA)** are excluded from the reporting entity because the State's accountability does not extend beyond appointing a voting majority of the organization's board members. SDHEFA is a body politic, corporate and public instrumentality of the State of South Dakota. The Authority was created in 1972 to enhance the health and education of citizens of the State of South Dakota by providing healthcare, educational and other non-profit institutions access to low cost capital.

Separately Issued Financial Statements

Separately issued financial statements of the South Dakota Building Authority, Education Enhancement Funding Corporation, South Dakota Housing Development Authority, Science and Technology Authority, South Dakota Economic Development Finance Authority, South Dakota Ellsworth Development Authority, and South Dakota Health and Educational Facilities Authority are available from the Department of Legislative Audit, 427 South Chapelle, c/o 500 East Capitol, by calling (605) 773-3595, or online at http://legislativeaudit.sd.gov/Reports/State/state_reports_all.htm.

C. Government-wide and Fund Financial Statements

The government-wide financial statements include the Statement of Net Position and Statement of Activities. The Statement of Net Position and Statement of Activities report all nonfiduciary activities of the primary government and its component units. Primary government activities are distinguished between governmental and business-type activities. Governmental activities are generally supported by taxes and intergovernmental revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The focus of the government-wide financial statements and notes to the financial statements is the primary government. A separate column is presented for each major discretely presented component unit and a column for all nonmajor discretely presented component units in the aggregate.

The Statement of Net Position presents the reporting entity's nonfiduciary assets and deferred outflows of resources less liabilities and deferred inflows of resources, with the difference reported as net position.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function; and, 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included as program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though fiduciary funds are excluded from the government-wide financial statements. Major individual governmental

funds and major individual enterprise funds are reported as separate columns in the fund financial statements, with nonmajor funds being combined into a single column.

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-wide Financial Statements

The Statement of Net Position and Statement of Activities are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Nonexchange transactions, in which the State receives value without directly giving equal value in exchange, include taxes, grants and donations. Tax revenue is recognized in the fiscal year in which the related sales, income, or activity being taxed occurred. At June 30, 2015, there was \$26,209,286 of bank tax receipts that was not recognizable in the State's financial statements because a reasonable estimate was unable to be determined for how much is considered measurable. Revenue from grants and similar items are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been met.

Governmental Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period, or soon enough thereafter to pay liabilities of the current period. Sales tax, motor fuel taxes, grant revenue, investment income and charges for goods and services are all considered to be susceptible to accrual if collected within 60 days of the end of the current fiscal year. Bank taxes are considered measurable when returns are filed, not when payments are received. All other revenue is considered to be measurable and available only when cash is received.

Expenditures generally are recorded when a liability is incurred, as under the accrual basis of accounting. However, expenditures related to debt service, compensated absences, capital leases and claims and judgments are recorded only when payment is due and payable.

Proprietary, Fiduciary, and Similar Component Units Financial Statements

The financial statements of the proprietary funds, fiduciary funds and similar component units are reported using the economic resources measurement focus and the accrual basis of accounting, similar to the government-wide financial statements described above. Proprietary funds include both enterprise and internal service fund types.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Revenues and expenses not meeting this definition, such as subsidies and investment earnings, are reported as nonoperating.

Financial Statement Presentation

The State reports the following major governmental funds:

The General Fund is the State's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.

The Transportation Fund accounts for dedicated state tax revenue for the construction, maintenance, and supervision of state highways and bridges and federal grants received by the Department of Transportation.

The Social Services Fund accounts for federal grants received by the Department of Social Services to fund social welfare programs.

The Dakota Cement Trust Fund was created with the proceeds from the sale of the State Cement Plant which is invested by The South Dakota Investment Council. Transfers from this fund are made to the General Fund for the support of education in South Dakota.

The Education Enhancement Trust Fund primarily accounts for revenue from the tobacco settlement and securitization of future tobacco revenue. Income from the fund is used to fund education enhancement programs.

The State reports the following major proprietary funds:

The Clean Water State Revolving Fund is used to provide loans to local governments for wastewater, storm sewer, and nonpoint source pollution control projects.

The Drinking Water State Revolving Fund is used to provide loans to local governments for drinking water projects.

The Lottery Fund accounts for the operations of the State Lottery.

In addition, the State reports the following fund types:

Governmental Funds:

Special Revenue Funds account for specific revenue sources that are legally restricted or committed to expenditures for specific purposes. Special revenue funds account for federal grant programs, taxes with distributions defined by the State Constitution or State laws and other resources restricted or committed as to purpose.

Debt Service Funds account for the accumulation of resources for the retirement of long-term debt principal and interest.

The Capital Projects Fund administered by the South Dakota Building Authority accounts for resources used for the acquisition or construction of major capital facilities, other than those financed by proprietary and fiduciary funds, or component units.

The Permanent Fund administered by the Department of School and Public Lands accounts for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs.

Proprietary Funds:

Enterprise Funds report activities for which a fee is charged to external users for goods or services. This fund type is also used when the activity is financed with debt that is secured by a pledge of the net revenues from the fees.

Internal Service Funds report activities that provide goods or services to other funds, departments, or agencies of the primary government and its component units or to other governments, on a cost-reimbursement basis. These goods and services include information services, telecommunications, insurance risk pools, and fleet and travel management. In the government-wide financial statements, internal service funds activity is included in governmental activities.

Fiduciary Funds:

Pension Funds account for resources that are required to be held in trust for the members and beneficiaries of the State's defined benefit pension plan.

Private Purpose Trust Funds account for resources of all other trust arrangements in which principal and income benefit individuals, private organizations or other governments. The Common School Fund accounts for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support local school districts.

Agency Funds report assets and liabilities of resources held for temporary investment and remittance of the resources to individuals, private organizations, or other governments. Examples of funds in this category include local government tax collections by the Department of Revenue, child support payments collected by the Department of Social Services and employee payroll withholdings by the State Auditor.

E. Budgetary Accounting

Agencies and departments submit budget requests to the Bureau of Finance and Management. The commissioner approves the Bureau's budget recommendation that is presented to the Governor for his consideration. The Governor's decisions are presented to the legislature in the Governor's budget book.

The financial plan for each fiscal year is adopted by the legislature by the passage of a general appropriations bill, special appropriations bills, and deferred maintenance appropriations. The formal budget approved by the legislature does not include budgeting for revenues and other financing sources/uses.

The general appropriations act includes only appropriations for ordinary current and capital expenses of the executive, legislative, and judicial branches of the State. State law classifies appropriations into general, federal, and other fund budget classifications. The budget is controlled at the program level for personal services and operating expenses. Detailed appropriation information at this level is presented in the Available Funds Report that is available from the Bureau of Finance and Management.

The State's annual budget is prepared on the cash basis of accounting. Encumbrance accounting is utilized to reserve a portion of the budget to future periods for payment of purchase orders, contracts and other commitments. Encumbrances at June 30, 2015, totaled \$18,842,714. The encumbrance amount is broken down by major fund and nonmajor fund below:

| Fund | Amount Encumbered |
|----------------|------------------------------|
| Major Fund: | |
| General Fund | \$ 5,290,259 |
| Transportation | 7,740,576 |
| Nonmajor: | |
| Nonmajor Total | 5,811,879 |
| Total | <u>\$18,842,714</u> |

F. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position/Fund Balance

Cash and Cash Equivalents and Investments

Cash includes cash on hand, cash in banks and cash in the State Treasury. Cash equivalents are valued at cost plus accrued interest. Cash equivalents include short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents reported in the Statement of Cash Flows also represent all investments with an original maturity of three months or less. Cash balances of most state funds are pooled and invested by the State Investment Officer. Investment income is allocated to participating funds per South Dakota law. Participating funds are determined by the Bureau of Finance and Management and approved by the Joint Interim Appropriations Committee of the Legislature.

Investments, as reported on the balance sheet, represent all long-term investments not considered cash equivalents. Investments include corporate stocks, bonds, convertible debt, U.S. government and agency securities, mortgage backed securities, certificates of deposit, repurchase agreements, annuity contracts, investment contracts, international securities, private equity and real estate. Investments are reported at fair value.

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Fair values for the fixed income securities are obtained from Bloomberg Financial Markets, Bank of America Merrill Lynch, and Citigroup Global Markets. Domestic and Canadian

equity security fair values are obtained from FT Interactive Data, non-Canadian foreign equity security fair values are obtained from Exshare, and spot foreign currency exchange rates are obtained from Reuters. Investments denominated in foreign currencies and foreign currency cash balances are translated into U.S. dollars using the year-end spot foreign currency exchange rates. Fair values of foreign currency forward contracts are obtained from Bloomberg Financial Markets. Fair values of limited partnership investments are based on valuations on the underlying companies of the limited partnerships as reported by the general partner.

For alternative investments where no readily available market value exists, management, in consultation with their investment managers, values these investments in good faith based upon audited financial statements or other information provided by the underlying investment managers.

Futures contracts are utilized to adjust the portfolio asset mix. The fair value of the equity securities futures position is determined using Standard & Poor's contract data. The fair value of the fixed income futures position is determined by using the U.S. Treasury note and bond contracts information and the Citigroup Broad Investment Grade Index. Changes in the fair value of these futures contracts are recognized as gains or losses in the period of change.

Receivables

Receivables in the governmental and business-type activities consist mainly of amounts due from component units, other governments, loans and customers.

Inventories

Inventories reported in the governmental fund types are reported at cost using the weighted average cost method. Proprietary fund type inventories are valued at the lower of cost or market, using the moving average cost method. Inventories reported in the Higher Education component unit discrete presentation are reported at cost using the FIFO method. Inventories are expensed using the consumption method.

Federal commodities on hand are reported as inventories, offset by unearned revenue. Commodities are reported at fair value established by the federal government at the date received. At June 30, 2015, the commodities inventory was reported in the amount of \$1,002,358.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at cost, or estimated historical cost, if original cost records are not available. Donated property, plant, and equipment are valued at fair market value at the date of donation. Property, plant, and equipment acquired through capital leases are capitalized at fair market value at the inception of the lease.

All land is capitalized regardless of cost. Land improvements are capitalized when the cost of the improvement is \$50,000 or more. Buildings and building improvements are capitalized when the cost is \$100,000 or more. Equipment (including purchased software licenses) is capitalized when the cost of individual items is \$5,000 or more. Infrastructure assets are capitalized when the cost of the assets is \$1,000,000 or more for governmental funds and fiduciary funds, and \$50,000 or more for proprietary funds and component units. Intangible assets such as easements, patents, trademarks, internally generated computer software, etc. (as defined by GASB Statement 51) are capitalized when the cost is \$250,000 or more. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

Depreciable capital assets of the primary government, as well as the component units, are depreciated using the straight line method over the following estimated useful lives:

| | |
|----------------------------|-------|
| Land Improvements | 20-30 |
| Buildings and Improvements | 15-50 |
| Infrastructure | 20-99 |
| Equipment | 3-17 |
| Intangible Assets | 3-25 |

The State owns works of art and historical treasures that have not been capitalized and depreciated because the assets cannot be reasonably valued and/or the assets have inexhaustible useful lives. Works of art and historical treasures include items such as statues, monuments, historical documents, paintings, artifacts, etc. Higher Education, a business-type activity discretely presented component unit, adopted the State's policy on capitalizing historical treasures and collections. The exceptions to this policy are the Memorial Art Center Collection at the South Dakota State University and the Oscar Howe paintings collection at the University of South Dakota. The collections are valued at the historical cost or estimated fair market value at the time of donation. The reported capitalized value of these collections was \$8,753,716 and \$375,585 respectively, as of June 30, 2015. All proceeds from the sale of items within these collections will be used to acquire other items for the collections.

Deferred Outflows of Resources

Deferred outflows of resources represent a consumption of net position by the government that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources are reported in the applicable governmental, business-type activities, or in the component units columns on the government-wide Statement of Net Position. Deferred outflows of resources of governmental funds, proprietary funds, and component units are reported in detail in their respective fund statements.

Long-term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the bonds outstanding method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net position that applies to a future period(s), and will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources are reported in the applicable governmental, business-type activities, or in the component unit columns on the government-wide Statement of Net Position. Deferred inflows of resources of governmental funds, proprietary funds and component units are reported in detail in their respective fund statements.

Net Position and Fund Balances

"Net position" on the government-wide, proprietary, and fiduciary funds financial statements and "fund balance" on the Governmental Fund Financial Statements consists of assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net position is reported in three categories:

Net investment in capital assets is a category reported in the government-wide Statement of Net Position and consists of capital assets, net of accumulated depreciation, and reduced by outstanding balances for bonds, notes, and other debts that are attributed to the acquisition, construction, or improvement of those assets.

Restricted net position consists of assets that have externally imposed constraints placed on them by either creditors, grantors, contributors, laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation of the State.

Unrestricted net position consists of assets that do not meet the definition of the two preceding categories.

The State's policy is that unrestricted amounts are spent first, when expenditures are incurred for purposes of which multiple resources are available within a fund.

In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the State is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances can be reported in five different categories:

Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts. It also includes the long-term amount of loans and notes receivable, as well as property acquired for resale.

Restricted fund balance consists of assets that have externally imposed constraints placed on them by either creditors, grantors, contributors, laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation of the State.

Committed fund balance represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the State Legislature through legislation passed into law.

Assigned fund balance includes amounts that are constrained by the State’s intent to be used for specific purposes, but are neither restricted nor committed. Assignments of fund balance are created by the executive branch or by directive of the Appropriations Committee of the Legislature or in some cases by passage of an appropriation. In governmental funds other than the General Fund, assigned fund balance also represents the remaining amount that is not restricted or committed.

Unassigned fund balance represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. Unassigned fund balance also includes negative residual balances in other governmental funds.

The State does not use separate funds to segregate restricted, committed and assigned resources. It instead uses the accounting structure to track sources of resources. The State’s policy is that assigned amounts are spent first, then committed, restricted and finally unassigned when expenditures are incurred for purposes of which multiple resources are available within the accounting structure.

G. Compensated Absences

All full-time and permanent part-time employees earn annual leave and sick leave. Employees earn fifteen days annual leave per year that can be accumulated to thirty days, except for employees with more than fifteen years of employment, who earn twenty days annual leave per year that can be accumulated to forty days. Upon termination, employees receive payment for their accumulated annual leave. Employees earn fourteen days sick leave per year. Unless dismissed for cause, employees who terminate after seven years of continuous employment receive payment for one-fourth of their accumulated sick leave balance, not to exceed four hundred eighty hours.

A liability has been recorded in the government-wide and fund financial statements for compensated absences in accordance with GASB statements.

H. Lottery Security Deposits

State law requires video lottery operators to furnish security to the Lottery. Security may be in the form of a surety bond, deposit in cash, an irrevocable letter of credit, or a certificate of deposit issued by a South Dakota financial institution with the Lottery endorsed on it as a payee. As of June 30, 2015, the amount of certificate of deposits being held by the Lottery was \$456,245 and is included in cash and cash equivalents on the balance sheet. The amount of \$4,781,700 was in the form of surety bonds, deposits in cash, or irrevocable letters of credit and is not reported on the Statement of Net Position.

I. Interfund Activity and Balances

Interfund activity, as a general rule, has been eliminated from the government-wide financial statements. An exception to this rule is activities between funds reported as governmental activities and funds reported as business-type activities. An example is the transfer of profits from the Lottery Fund to the General Fund. Elimination of these activities would distort the direct costs and program revenues for the functions concerned.

In the fund financial statements, transfers represent flows of assets (such as goods or cash) without equivalent flows of assets in return, or a requirement for repayment. In addition, transfers are recorded when a fund receiving revenue provides it to the fund which expends the resources. An example is securities taxes collected by the Department of Revenue which are deposited into a special revenue fund but are transferred to and expended by the General Fund.

Interfund balances and interfund receivables and payables have been eliminated from the Statement of Net Position.

J. Pensions

For the purposes of measuring the net pension asset, deferred outflows of resources and deferred inflow of resources related to pensions and pension expense, information about the fiduciary net position of the South Dakota Retirement System (SDRS), and additions to/deductions from SDRS fiduciary net position have been determined on the same basis as they are reported by SDRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefits terms. Investments are reported at fair value.

2. ACCOUNTING CHANGES, RESTATEMENTS, AND RECLASSIFICATIONS

Implementation of Recent GASB Pronouncements

For the fiscal year ended June 30, 2015, the State implemented the following new accounting standards issued by the Governmental Accounting Standards Board (GASB):

GASB Statement 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement 27*

GASB Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*

These two Statements establish the standards for measuring and recognizing pension related liabilities, assets, deferred outflows of resources, deferred inflows of resources, expense/expenditures and revenues for pensions provided to its employees and requires the State to record its proportionate share of the net pension asset.

As a result of implementing these Statements:

The beginning net position in the governmental activities column of the Government-wide Statement of Activities increased by \$83,509,774. This increase reflects a \$60,860,917 increase for the beginning net pension asset and a \$22,648,857 increase for contributions made to South Dakota Retirement System (SDRS) from July 1, 2013 to June 30, 2014.

The beginning net position in the business type activities column of the Government-wide Statement of Activities increased by \$1,867,462. This increase reflects a \$1,360,984 increase for the beginning net pension asset and a \$506,478 increase for contributions made to South Dakota Retirement System (SDRS) from July 1, 2013 to June 30, 2014.

The beginning net position in the Statement of Revenues, Expenses and Change in Net Position – Proprietary Funds increased as follows:

| | Business-type Activities - Enterprise Funds | | | | | Governmental Activities |
|--|---|-----------------------------|--------------------------------|---------------------|---------------------|-------------------------|
| | Major | | | | Total | Internal Service Funds |
| | Lottery | Clean Water State Revolving | Drinking Water State Revolving | Nonmajor | | |
| Beginning Net Pension Asset | \$ 212,732 | \$ 36,392 | \$ 30,225 | \$ 1,081,635 | \$ 1,360,984 | \$ 4,242,968 |
| Contributions Made From July 1, 2013 to June 30, 2014 | 79,167 | 13,543 | 11,248 | 402,520 | 506,478 | 1,578,983 |
| Total Change in Beginning Net Position From GASB 68 | \$ 291,899 | \$ 49,935 | \$ 41,473 | \$ 1,484,155 | \$ 1,867,462 | \$ 5,821,951 |

The beginning net position for the component units columns of the Government-wide Statement of Activities increased by \$62,672,114 as follows:

| | Component Units | | | | Total |
|--|-------------------|----------------------------------|----------------------|-------------|---------------------|
| | Housing Authority | Science and Technology Authority | Higher Education | Nonmajor | |
| Beginning Net Pension Asset | \$ 433,628 | \$ 1,490,926 | \$ 43,750,128 | \$ | \$45,674,682 |
| Contributions Made From July 1, 2013 to June 30, 2014 | 161,371 | 554,835 | 16,281,226 | | 16,997,432 |
| Total Change in Beginning Net Position From GASB 68 | \$ 594,999 | \$ 2,045,761 | \$ 60,031,354 | \$ 0 | \$62,672,114 |

Restatements – Primary Government

The beginning net position reported in the governmental activities column of the Government-wide Statement of Activities increased \$19,646,000 because of asset capitalization errors in previous years. The assets are correctly capitalized in fiscal year 2015. The restatements will have the same effect on the beginning balance in Note 6.

The beginning net position reported in the governmental activities column of the Government-wide Statement of Activities decreased by \$13,860,000 because of an error in previous year long-term liabilities. The long-term liabilities are correctly reported in fiscal year 2015. The restatement will also affect Note 14.

Restatements – Component Units

The beginning net position balance reported for Higher Education, reported as a major discretely component unit, increases by \$901,000 for errors in the reporting of receivables, liabilities, fixed assets, and other miscellaneous reporting errors in prior years. This restatement will have the same effect on the Government-wide financial statements.

3. CASH, DEPOSITS, AND INVESTMENTS

South Dakota Codified Laws (SDCL) and administrative rules authorize the types of deposits and investments. Most State public funds are invested in the Cash Flow Portfolio using the pooled deposit and investment concept. This concept allows for the deposit and investment of aggregate idle fund monies, while preserving the integrity of fund cash balances of each State fund.

Negative cash balances in funds participating in the Cash Flow Portfolio are reclassified at year-end as interfund payables. The cash and cash equivalents balance in the General Fund was reduced by \$16,097,445 for deficit cash balances that existed in various state funds at June 30, 2015, and is reported as an interfund receivable.

Certain funds and component units have statutory authority to make deposits and investments in specific types of securities, which may be more or less restrictive than the general authority covering the Cash Flow Portfolio. Additionally, bond provisions may require restrictions on types of investments. The State was in compliance with legal requirements governing deposit and investing activities.

Securities that are unclaimed at financial institutions are transferred to the State and held temporarily by the State until they are determined abandoned. The securities or proceeds can be claimed by the owners under established procedures. The Office of the State Treasurer administers any unclaimed securities per SDCL §43-41B, Uniform Unclaimed Property Act. Any unclaimed property, including any income or increment derived therefrom, is considered abandoned after remaining unclaimed by the owner for more than three years. Once determined abandoned, the State Treasurer has the authority to either keep the security or liquidate it anytime thereafter. As of June 30, 2015, the securities, for which cost at the time of acquisition is not readily available, have a market value of \$11,282,201, and are shown as investments in the General Fund.

A. Primary Government

Investments of the Primary Government are grouped into four categories based upon investment objectives and risk. The first category is the Cash Flow Portfolio. This category represents the pooled public funds of the Primary Government (comprising 78% of the Cash Flow Portfolio) and discretely presented component units (comprising 22% of the Cash Flow Portfolio). Higher Education, the Science and Technology Authority and the Housing Authority are discretely presented component units and have deposits and investments in the Cash Flow Portfolio. Because of the pooled deposit and investment concept of the Cash Flow Portfolio, the discretely presented component units' share of the portfolio cannot be broken out separately for risk disclosure purposes. For risk disclosure purposes, their share of the Cash Flow Portfolio is included in the Primary Government. The second category is the Retirement Portfolio. This category represents the investments of the South Dakota Retirement System. The third category is the Trust Portfolios. This category includes the portfolios of School and Public Lands, Dakota Cement Trust Fund, Education Enhancement Trust Fund and Health Care Trust Fund. The fourth category is Other Funds. This category represents funds that are not managed by the South Dakota Investment Council (SDIC) and includes Educational Enhancement Funding Corporation, Clean Water State Revolving Fund, Drinking Water State Revolving Fund and the Vocational Education Program.

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of a depository institution, the State of South Dakota will not be able to recover deposits or will not be able to recover collateral securities that are in possession of an outside party. The Cash Flow Portfolio's certificates of deposit and other deposits in state financial institutions in excess of depository insurance must be 100% collateralized. Collateral is valued at the lower of cost or market as reported in the quarterly call reports prepared by the qualified public depositories pursuant to SDCL 4-6A-7. Collateral is required to be segregated by each depository as approved by the South Dakota Public Deposit Protection Commission. Collateral may not be held in any safety deposit vault owned or controlled either directly or indirectly by the pledging financial institution, but must be deposited for safekeeping in a financial institution that is a member of the Federal Reserve. At June 30, 2015, pledged collateral for all depositories did not equal at least 100 percent of the total public deposits in excess of depository insurance. As a result, \$38,242 of the Cash Flow Portfolio's certificates of deposit was exposed to custodial credit risk.

The Retirement Portfolio has a formal deposit policy specific to custodial credit risk. The policy states that the United States Dollar (USD) equivalent of any non-USD currency cannot exceed 2.0% of the portfolio fair value on a trade date +7 days basis. At June 30, 2015, the Retirement Portfolio had bank balances in foreign currencies in various foreign countries. These deposits are not collateralized or covered by depository insurance. As a result, the Retirement Portfolio was exposed to custodial credit risk of \$5,752,032.

The Trust Portfolios have a formal deposit policy specific to custodial credit risk. The policy states that the USD equivalent of any non-USD currency cannot exceed 2.0% of the portfolio fair value on a trade date +7 days basis. At June 30, 2015, the Trust Portfolios had bank balances in foreign currencies in various foreign countries. These deposits are not collateralized or covered by depository insurance. As a result, the Trust Portfolios were exposed to custodial credit risk of \$761,502.

The Other Funds have no formal deposit policy specific to custodial credit risk. At June 30, 2015, the Other Funds had bank balances that are not collateralized or covered by depository insurance. As a result, the Other Funds were exposed to custodial credit risk of \$599,101.

Investments

Securities Lending

State statutes and SDIC policies permit the use of investments for securities lending transactions. These transactions involve the lending of corporate debt, foreign equity securities, and domestic equity securities to broker-dealers for collateral in the form of securities, with the simultaneous agreement to return the collateral for the same securities in the future. All securities loans can be terminated on demand by either the SDIC or the borrower. As of June 30, 2015, the fair value of securities on loan was \$179,342,043, and the collateral held on the same date was \$184,056,182. At year-end, the SDIC has no credit risk exposure to borrowers because the amounts the SDIC owes the borrowers exceed the amounts the borrowers owe the SDIC.

The SDIC's securities custodian is an agent in lending securities and shall accept only U.S. Government securities or its agencies as collateral for any loan or loaned securities. The collateral required must equal 102% of fair value plus accrued interest for corporate debt securities, 102% of fair value for U.S. equity securities and 105% of fair value for foreign securities except in the case of loans of foreign securities which are denominated and payable in USD, in which event the collateral required is 102% of fair value. The earnings generated from the collateral investments results in the gross earnings from lending activities, which is then split on a percentage basis with the lending agent. The contract with the lending agent requires the agent to indemnify the SDIC if the borrowers fail to return the loaned securities and the collateral is inadequate to replace the securities lent.

The SDIC does not have the ability to pledge or sell collateral securities unless the borrower defaults, therefore no asset and corresponding liability for the collateral value of securities received has been established on the Statement of Net Position. Regarding restrictions on loans, the securities lending agreement does limit the total value of securities that can be out on loan on any given day.

Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. SDIC securities lending policies are detailed in the preceding Securities Lending section. As of June 30, 2015, the SDIC does not have custodial credit risk with regards to security lending collateral. The Other Funds do not have a policy for custodial credit risk. The Other Funds had custodial credit risk totaling \$221,397,593 in guaranteed investment contracts, federal agency bonds and U.S. Treasury bonds at June 30, 2015.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. SDIC policy limits or establishes ranges for the durations of the fixed income portfolios held by the various funds.

The Cash Flow Portfolio policy limits average portfolio duration to 2.88 years, and no holding's maturity can exceed 5.25 years. The Retirement Portfolio fixed income portfolio duration must fall between 70% and 130% of the duration

of the Citigroup Broad Investment Grade (BIG) Index. The Trust Portfolios investment-grade fixed income portfolios are benchmarked to the duration of the Citigroup BIG Index. The Treasury Inflation Protected Securities (TIPS) investments have a range of 5 to 10 years to maturity at purchase. No formal interest rate risk policy exists for the fixed income portfolios of the Other Funds.

The weighted modified durations (in years) of the various funds are listed in the following table (dollars expressed in thousands):

| Investment Type | Cash Flow Portfolio | | Retirement Portfolio | | Trust Portfolios | | Other Funds | |
|--|----------------------------|------------------|-----------------------------|------------------|-------------------------|------------------|--------------------|------------------|
| | Fair Value | Mod. Dur. | Fair Value | Mod. Dur. | Fair Value | Mod. Dur. | Fair Value | Mod. Dur. |
| U.S. Treasuries | \$ | | \$ 117,198 | 6.76 | \$ 22,237 | 6.76 | \$ 57,486 | 1.00 |
| U.S. Treasury bills | 2,000 | 0.03 | 99,987 | 0.38 | | | | |
| U.S. Treasury STRIPS | | | 61,974 | 8.53 | 4,832 | 5.09 | | |
| U.S. Treasury Inflation Protected Securities | | | | | 40,716 | 0.68 | | |
| U.S. Agencies | 266,170 | 2.00 | 55,868 | 4.61 | 17,840 | 6.73 | 3,122 | 2.11 |
| U.S. Agency Discount Notes | | | 109,681 | 0.22 | 840 | 0.13 | | |
| U.S. Government-backed loans | | | | | 1,325 | 11.76 | | |
| Investment grade corporates | 813,672 | 2.24 | 416,670 | 4.72 | 77,567 | 4.75 | | |
| High-yield corporates | | | 145,386 | 3.97 | 1,637 | 7.30 | | |
| High-yield bond mutual fund | | | | | 15,929 | 4.50 | | |
| Agency Mortgage-backed securities | | | 317,502 | 4.87 | 59,122 | 4.86 | | |
| Non-agency Mortgage-backed securities | | | 513,976 | 0.53 | 55,065 | 0.54 | | |
| Municipal bonds | | | | | 48,157 | 3.90 | | |
| Investment agreements | | | | | | | 140,072 | 10.59 |
| Total | \$1,081,842 | | \$1,838,242 | | \$ 345,267 | | \$ 200,680 | |
| Portfolio modified duration | | 2.18 | | 3.27 | | 3.75 | | 7.71 |

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the State of South Dakota. SDIC policy establishes a percentage range and a normal allocation to various credit risk categories. The Cash Flow Portfolio actively managed portion can invest 4% of the portfolio into each corporate security rated Aaa or Aa, 2% in A-rated, 1% in Baa1 or Baa2, and 0.5% in individual holdings of corporate securities rating Baa3. The maximum overweight of Baa3 rated holdings versus the benchmark is 5% of the Cash Flow duration portfolio. The SDIC sets the investment policy annually for the Trust Portfolios and the Retirement Portfolio. This policy establishes the average percentage invested in each asset category and the fund allocation range that each asset category can vary during the fiscal year.

The Clean Water State Revolving Fund and Drinking Water State Revolving Fund Master Trust Indenture requires any investment agreement to be with a guarantor whose long-term rating category is no lower than the two highest long-term rating categories.

Statutes authorize the Vocational Education Program to invest in the following: (1) direct obligations of the U.S.; (2) obligations issued by any agency or instrumentality of the U.S.; (3) certificates of deposit or time deposits of any bank which is a qualified public depository or any savings and loan association which is a savings and loan depository; (4) obligations of any solvent insurance company or other corporation existing under the laws of the U.S., or any state thereof provided the company or corporation is rated in one of the two highest rating classifications established by a standard rating service of insurance companies or a nationally recognized rating agency; (5) short-term discount obligations of the FNMA; or (6) obligations issued by any state of the U.S.

The Education Enhancement Funding Corporation does not have a formal policy on investment credit risk.

As of June 30, 2015, the portfolios held the following investments, excluding those issued by or explicitly guaranteed by the U.S. Government which are not considered to have credit risk. The investments are grouped as rated by Moody's Investors Service (expressed in thousands):

| Moody's Rating | Cash Flow Portfolio Fair Value | Retirement Portfolios Fair Value | Trust Portfolios Fair Value | Other Funds Fair Value |
|-----------------------|---|---|--|---------------------------------------|
| Aaa | \$ 490,712 | \$ 1,053,039 | \$ 305,536 | \$ 24,005 |
| Aa | 102,583 | 46,704 | 33,621 | |
| A | 598,073 | 204,134 | 53,314 | |
| Baa | 113,016 | 199,302 | 34,389 | 138,835 |
| Ba | | 91,161 | 5,581 | 1,236 |
| B | | 98,276 | 4,587 | |
| Caa | | 201,334 | 17,653 | |
| Ca | | 151,403 | 14,611 | |
| D | | 3,887 | 359 | |
| P-1 | | 109,681 | 840 | |
| Unrated | | 79,832 | 30,062 | 8,254 |
| Total | \$ 1,304,384 | \$ 2,238,753 | \$ 500,553 | \$ 172,330 |

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment. The Retirement and Trust Portfolios' exposure to foreign currency risk is derived from their positions in foreign currency and foreign currency-denominated equity investments. The Retirement and Trust Portfolios do not hedge foreign currency back to USD (to match the unhedged benchmark) but do allow hedging under certain circumstances when deemed appropriate by the State Investment Officer and portfolio manager.

The Retirement and Trust Portfolios' exposure to foreign currency risk at June 30, 2015, are as follows (expressed in thousands):

| Currency | Retirement Portfolio | | | Trust Portfolios | | |
|-------------------------|-----------------------------------|-----------------------------------|---------------------|-----------------------------------|-----------------------------------|-------------------|
| | Equities | Cash | Total | Equities | Cash | Total |
| | U.S. Dollar Fair Value | U.S. Dollar Fair Value | | U.S. Dollar Fair Value | U.S. Dollar Fair Value | |
| Australian Dollar | \$ 7,358 | \$ | \$ 7,358 | \$ | \$ | \$ |
| Brazilian Real | 1,300 | 15 | 1,315 | | | |
| British Pound | 340,038 | 1,292 | 341,330 | 32,074 | 26 | 32,100 |
| Canadian Dollar | 82,326 | 1,137 | 83,463 | 5,666 | 47 | 5,713 |
| Danish Kroner | 6,023 | | 6,023 | | | |
| Euro | 289,277 | 1,015 | 290,292 | 25,142 | 80 | 25,222 |
| Hong Kong Dollar | 4,914 | 117 | 5,031 | | | |
| Hungarian Forint | 1,014 | | 1,014 | | | |
| Japanese Yen | 148,980 | 2,172 | 151,152 | 10,512 | 609 | 11,121 |
| South Korean Won | 59,381 | 4 | 59,385 | 4,640 | | 4,640 |
| Singapore Dollar | 334 | | 334 | | | |
| Swedish Krona | 1,942 | | 1,942 | | | |
| Swiss Franc | 300,642 | | 300,642 | 32,642 | | 32,642 |
| Thai Baht | 893 | | 893 | | | |
| Total Fair Value | \$1,244,422 | \$ 5,752 | \$ 1,250,174 | \$ 110,676 | \$ 762 | \$ 111,438 |

Investments with limited partnerships and certain global equity investments with outside managers, which are not included in the table above, may expose the State to additional foreign currency risk. For the Trust Portfolios, the total fair value of investments in real estate and private equity limited partnerships as of June 30, 2015 was \$145,874,493. For the Retirement Portfolio, the total fair value of investments in real estate and private equity limited partnerships as

of June 30, 2015 was \$2,017,025,601. The total fair value of global equity investments and high-yield fixed income investments managed by outside managers was \$162,708,986 and \$43,335,031, respectively.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss that may be attributed to the magnitude of a government's investment in a single issuer. The Cash Flow Portfolio has a policy in place limiting its investments in individual holdings. Information regarding the Cash Flow Portfolio policy is located in the Credit Risk section. The SDIC does not have a formal policy in place to limit investments in any particular issuer for the Retirement Portfolio and Trust Portfolios. Additionally, there are no single issuer exposures (excluding those issued by or explicitly guaranteed by the U.S. Government, or involving mutual funds or investment pools) within the portfolios that comprise 5% of the overall portfolios at June 30, 2015.

Derivative Financial Instruments in Primary Government

Retirement Portfolio and Trust Portfolios

Derivatives are generally defined as a contract whose value depend on, or derives from, the value of an underlying asset, reference rate or index. The Retirement Portfolio is exposed to a variety of derivative products through the investment management of the SDIC and their outside managers. The Trust Portfolios utilized no derivative instruments in SDIC's internally managed portfolios, but may be exposed to a variety of derivative products through their outside managers. The following notes detail the derivative instruments used in the SDIC's internally managed portfolios. All of the SDIC's derivatives are classified as investment derivatives.

Futures Contracts

A futures contract is a contract to buy or sell units of an index or financial instrument at a specified future date at a price agreed upon when the contract is originated. The SDIC purchases and sells financial and interest rate futures as a means of adjusting the Retirement Portfolio's mix at a lower transaction cost than transactions that would otherwise occur in the underlying portfolios. During fiscal year ended June 30, 2015, S&P 500 futures and 10-year U.S. Treasury note futures were utilized. Upon entering into such a contract, the SDIC pledges to the broker cash or U.S. government securities equal to the minimum initial margin requirement of the futures exchange. Additionally, the portfolios receive or pay a daily variation margin, which is an amount of cash equal to the daily fluctuation in value of the contract. At June 30, 2015, the pending variation margin of (\$3,501,869) is presented in the Statement of Net Position as "Due to brokers – futures transactions." The change in fair value of the futures contracts is presented in the Statement of Changes in Net Position as "Net appreciation in fair value of investments." For fiscal year ended June 30, 2015, the net change in fair value from futures contracts was (\$78,816,141). At June 30, 2015, futures contracts outstanding were as follows:

| | <u>Open Position</u> | <u>Contracts</u> | <u>Notional Contract size</u> | <u>Fair Value (Exposure)</u> |
|--|----------------------|------------------|---|----------------------------------|
| U.S. Treasury Note future due September 2015 | Long | 2,735 | \$100,000 par value 6% U.S. Treasury note | \$ 345,080,078 |
| S&P 500 Index future due September 2015 | Short | 17,520 | | \$ (1,799,742,000) |

Foreign Currency Forward Contracts

The SDIC enters into foreign exchange forward contracts to manage foreign currency exposure, as permitted by portfolio policies. The fair values of the contracts are presented in the Statement of Net Position as "Investments at fair value – Equities." The change in fair value of the forward contracts is presented in the Statement of Changes in Net Position as "Net appreciation in fair value of investments." For fiscal year ended June 30, 2015, the net change in

fair value from foreign currency forward contracts was \$5,219,791. At June 30, 2015, the foreign currency forward contracts outstanding were as follows:

| Description | Notional Amount | Maturity Date | Fair Value (U.S. Dollars) |
|--------------------|------------------------|----------------------|----------------------------------|
| Forward sale | (20,770,519) CHF | 08/10/2015 | \$ 111,075 |
| Forward sale | (275,612,600) CNY | 11/03/2015 | 347,409 |
| Forward sale | (15,000,000) EUR | 11/30/2016 | 312,456 |
| Forward purchase | 275,612,600 CNY | 09/10/2015 | (609,703) |

Credit Risk

SDIC is exposed to credit risk on derivative instruments that are in asset positions. The SDIC attempts to minimize credit risk by entering into derivatives contracts with major financial institutions. At June 30, 2015, the net fair value of foreign currency forward contracts was \$984,062. This represents the maximum loss that would be recognized at the reporting date if all counterparties failed to perform as contracted. The credit ratings of the counterparties are as follows:

| Moody's Credit Rating | Number of Counterparties | Fair Value |
|------------------------------|---------------------------------|-------------------|
| A1 | 1 | \$ 984,062 |

Interest Rate Risk

The SDIC is exposed to interest rate risk on its 10-year U.S. Treasury Note futures contract. As interest rates increase, the value of the futures contract decreases.

Foreign Currency Risk

SDIC is exposed to foreign currency risk on its foreign currency forward contracts because they are denominated in foreign currencies. The net fair value of the foreign currency forward contracts in USD is \$161,237.

B. Component Units

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of a depository institution, the component unit's deposits may not be returned to it. The Housing Development Authority deposit policy requires deposits in excess of the Depository Insurance maximums be collateralized 100%. Collateral must be deposited for safekeeping in a financial institution that is not owned or controlled either directly or indirectly by the pledging financial institution. The financial institution where the collateral is held must be a member of the Federal Reserve. The additional component units do not have deposit policies for custodial credit risk. As of June 30, 2015, the component units had no deposits that were not collateralized or covered by depository insurance.

Investments

Custodial Credit Risk

Custodial credit risk is the risk that in the event of the failure of the counterparty, the component unit will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The component units do not have investment policies for custodial credit risk. At June 30, 2015, investments in the amount of \$1,938,757 were uninsured and unregistered, with the securities held by the counterparty, or by its trust department or agent, but not in the component unit's name.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The component units have limits on the maturities of investments for their restricted accounts. Investments of the Capital Reserve accounts must provide for the purposes thereof as estimated by the Housing Development Authority. The investments must not mature later than the final maturity of the related Series of the Bonds. The average duration of individual securities will not exceed twenty years. Investments of the Mortgage Reserve accounts must provide for the purposes thereof as estimated by the Housing Development Authority.

The duration of fifty percent of individual securities will not exceed two years from the date of purchase or deposit. The Housing Development Authority assumes that its callable investments will not be called. The Housing Development Authority invests in mortgage pass-through securities issued by GNMA, FNMA and FHLMC. Because prepayments of mortgages underlying these securities affect the principal and interest payments received by these securities, the securities are considered highly sensitive to interest rate risk.

The Economic Development Finance Authority limits the maturities of investments for its restricted accounts (all accounts other than the General Account) to terms of two years or less from the date of the investment.

The Ellsworth Development Authority and the Science and Technology Authority do not have policies for interest rate risk.

As of June 30, 2015, the Housing Development Authority and the Economic Development Finance Authority had investments maturing as follows (expressed in thousands):

| Investment Type | Fair Value | Investment Maturities (in Years) | | | |
|-----------------------------|-------------------|---|-------------------|------------------|------------------------|
| | | Less than 1 | 1 to 5 | 6 to 10 | Greater than 10 |
| U.S. Government Obligations | \$ 81,168 | \$ 5,415 | \$ 44,252 | \$ 30,982 | \$ 519 |
| U.S. Treasury Notes | | | | | |
| Certificates of Deposit | 12,759 | 4,784 | 7,866 | 109 | |
| U.S. Agencies | 510,165 | 25,725 | 63,399 | 25,548 | 395,493 |
| Mutual Funds | 139,760 | 139,760 | | | |
| State Obligations | 4,009 | 1,057 | 2,415 | 537 | |
| Investment Agreements | 640 | | | | 640 |
| Total | \$ 748,501 | \$ 176,741 | \$ 117,932 | \$ 57,176 | \$ 396,652 |

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. It is the investment policy of the Housing Development Authority to invest in securities limited to direct general obligations of the U.S. Government, U.S. Government agencies, direct and general obligations of any state within the United States, mutual funds invested in securities mentioned above, and investment agreements secured by securities mentioned above. If securities are downgraded after purchase, the Authority will analyze the reason for the downgrade and determine what, if any, action is needed. Investments issued by or explicitly guaranteed by the U.S. Government are not considered to have a credit risk.

The investment management policy of the Economic Development Finance Authority limits investments in Corporate Bonds to those rated in either of the two highest rating categories by either Moody's Investors Service or Standard & Poor's Corporation.

The Ellsworth Development Authority and the Science and Technology Authority are limited to investments permitted by state statute.

As of June 30, 2015, the Housing Development Authority investments had the following ratings (expressed in thousands):

| Moody's Rating | Fair Value |
|-------------------------|-------------------|
| Aaa | \$ 482,494 |
| Aa | 537 |
| Unrated | 10,554 |
| Total Fair Value | \$ 493,585 |

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. As of June 30, 2015, the Economic Development Finance Authority has the maximum portfolio exposure to permitted investments:

| | Restricted Account | | Unrestricted Account | |
|-------------------------|---------------------------|-------------------|-----------------------------|-------------------|
| | Portfolio Exposure | | Portfolio Exposure | |
| | Total | Individual | Total | Individual |
| U.S. Governments | 100% | 100% | 100% | 100% |
| U.S. Agencies | 100% | 100% | 100% | 100% |
| Certificates of Deposit | 100% | 100% | 100% | 100% |
| Repurchase Agreements | 50% | 25% | 50% | 25% |
| Corporate Bonds | 0% | 0% | 50% | 10% |
| Money Market Funds | 25% | 25% | 25% | 25% |

The Housing Development Authority will minimize Concentration Credit Risk by diversifying the investment portfolio and reducing the impact of potential losses from any one type of security or issuer. As of June 30, 2015, Housing Development Authority's investments held 5% or more of the following issuers: Federal Home Loan Bank (13.78%), Federal National Mortgage Association (23.76%), and Federal Home Loan Mortgage Corporation (6.67%).

Hedging Derivative Financial Instruments in Component Units

South Dakota Housing Development Authority

The Authority has entered into interest rate swap agreements in connection with issuing variable rate mortgage revenue bonds. The intentions of the swaps are to create synthetic fixed rate debt at a lower interest rate than achievable from long-term fixed rate bonds and to achieve the Authority's goal of lending to low and moderate-income first-time home buyers at below market fixed interest rates.

Swap Terms

The terms, including the fair values and counterparty credit ratings of the outstanding swaps as of June 30, 2015, are contained in the table below. The initial notional amounts of the swaps match the principal amounts of the associated

debt. The Authority has purchased the right to terminate the outstanding swap balances at par value on dates that are generally 10 years after the date of issuance of the related bonds (dollars expressed in thousands).

| Bond Series | Current Notional Amount | Effective Date | Fixed Rate | Variable Rate Received | Termination Date | Counterparty Credit Rating* | Fair Value |
|---|--|---------------------------|-----------------------|-----------------------------------|-----------------------------|--|-----------------------|
| Merrill Lynch Capital Services 2007 I | \$ 34,000 | 10/16/2007 | 4.14% | 63.8% of LIBOR plus 0.30% | 05/01/2038 | Baa1 | \$ (2,707) |
| JPMorgan Chase Bank, N.A. 2008 F | 34,000 | 09/04/2008 | 3.85% | 63.7% of LIBOR plus 0.31% | 05/01/2039 | Aa3 | (3,006) |
| Bank of America, N.A. 2009 C | 22,000 | 11/18/2009 | 3.14% | 64.0% of LIBOR plus 0.22% | 05/01/2039 | A1 | (1,433) |
| Merrill Lynch Derivative Products, AG. 2005 G | 25,000 | 08/31/2005 | 3.77% | 63.8% of LIBOR plus 0.29% | 05/01/2035 | Aa3 | (420) |
| 2006 C | 45,000 | 06/14/2006 | 4.42% | 64% of LIBOR plus 0.29% | 05/01/2037 | Aa3 | (1,770) |
| 2008 C | 36,900 | 04/23/2008 | 3.24% | 63.7% of LIBOR plus 0.30% | 05/01/2039 | Aa3 | (2,122) |
| MPB 2008 A | 6,885 | 08/02/2008 | 3.55% | 63.8% of LIBOR plus 0.20% | 05/01/2048 | Aa3 | (527) |

* Moody's Investors Service

The fair values presented above were estimated by the Housing Development Authority's counterparty to the swaps. The valuation was determined by calculating the difference between the present values of each fixed cash flow to be paid and each floating cash flow to be received by the Authority based upon the current market yield curve. The present value factors for each cash flow are based on the implied zero coupon yield curve determined by current market rates. Additionally, the values of the call options are determined by calculating the present value of each predicted option outcome, whose interest rate prediction variance is determined by current market implied volatility. Together these calculations determine the current fair value of the Authority's swap contracts. The fair values in the table above represent the termination payments that would have been due had the swaps been terminated as of June 30, 2015. A positive fair value represents money due the Authority by the counterparty upon termination of the swap, while a negative fair value represents money payable by the Authority.

Swap Risks

Credit Risk

The terms of the swaps expose the Housing Development Authority to potential credit risk with the counterparty upon the occurrence of a termination event. The fair value of a swap represents the Authority's current credit exposure to the counterparty with which the swaps were executed. The Authority has credit risk exposure to its counterparties when the swap positions have a positive value. Several of the swap agreements require that, upon demand, a party post collateral to secure its obligation to make a termination payment to the extent the fair value exceeds a collateral threshold specified in the agreement. The collateral thresholds are based on the prevailing ratings, as determined by Moody's and Standard & Poor's, of each counterparty, in the case of the counterparties, or hedged bonds, in the case of the Authority. These bilateral requirements are established to mitigate potential credit risk exposure. As of June 30, 2015, neither the Authority nor any counterparty had been required to post collateral.

Basis Risk

The Authority incurs the potential risk that the variable interest payments on its bonds will not equal the variable interest receipts from its swaps. This basis risk exists because the Authority pays the actual variable rate on its bonds, but under the terms of its swaps receives a variable rate based upon the one-month, taxable LIBOR rate. Basis risk will vary over time due to inter-market conditions. For the year ended June 30, 2015, the weighted average interest rate on the Authority's variable rate debt associated with swaps was 1.30% per annum, while the weighted average interest rate on the swaps was 1.39% per annum. In order to reduce the cumulative effects of basis risk, the variable rate determination structure for interest receipts within the swap is based upon a regression analysis of the long-term relationship between variable tax exempt rates and the one-month taxable LIBOR rate.

Termination Risk

The Authority's swap contracts are based upon the International Swap Dealers Association Master Agreement, which includes standard termination events. The swap contracts may be terminated by either party if the other party fails to perform under the terms of the contract. Upon termination, a payment is due to one party irrespective of causality based upon the fair value of the swap. The potential termination risks to the Authority are the liability for a termination payment to the counterparty or the inability to replace the swap under favorable financial terms. To reduce the Authority's termination risk, the swap contracts limit the counterparty's ability to terminate due to the following Authority actions or events: payment default, other defaults that remain uncured for 30 days after notice, bankruptcy and insolvency.

Amortization Risk

The Authority may incur amortization risk because prepayments from the mortgage loan portfolio may cause the outstanding amount of variable rate bonds to decline faster than the amortization of the swap. To ameliorate amortization risk, call options were structured within the swaps to enable the Authority to manage the outstanding balances of variable rate bonds and notional swap amounts. Additionally, the Authority may terminate the swaps at market value at any time.

Tax Risk

The structure of the variable interest rate payments the Authority receives from its swap contracts are based upon the historical long-term relationship between taxable and tax-exempt short-term interest rates. Tax risk represents a risk that may arise due to a change in the tax code that may fundamentally alter this relationship. The Authority has chosen to assume this risk because it was not economically feasible to transfer to the swap counterparty.

Concentration Risk

The total outstanding notional amount of swaps with a single counterparty will not exceed \$150,000,000.

Swap Payments and Associated Debt

As rates vary, variable-rate bond interest payments and net swap payments will vary. Debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same for their term, were as follows using rates as of June 30, 2015 (expressed in thousands):

| Year End 30-Jun | Variable-Rate Bond | | Interest Rate Swap – Net | Total |
|----------------------------|---------------------------|-----------------|-------------------------------------|-------------------|
| | Principal | Interest | | |
| 2016 | \$ 100 | \$ 176 | \$ 7,022 | \$ 7,298 |
| 2017 | 100 | 176 | 6,961 | 7,237 |
| 2018 | 105 | 176 | 6,943 | 7,224 |
| 2019 | 110 | 176 | 6,940 | 7,226 |
| 2020 | 120 | 176 | 6,936 | 7,232 |
| 2021-2025 | 665 | 874 | 34,620 | 36,159 |
| 2026-2030 | 27,520 | 843 | 33,517 | 61,880 |
| 2031-2035 | 110,930 | 585 | 23,367 | 134,882 |
| 2036-2040 | 74,615 | 152 | 5,298 | 80,065 |
| 2041-2045 | 1,535 | 19 | 386 | 1,940 |
| 2046-2049 | 1,085 | 5 | 105 | 1,195 |
| Total | \$ 216,885 | \$ 3,358 | \$ 132,095 | \$ 352,338 |

Rollover Risk

Rollover risk is the risk that a swap associated with a bond issue does not extend to the maturity of that debt. When the swap terminates, the associated debt will no longer have the benefit of the swap. The Authority did not have any rollover risk as of June 30, 2015.

Mortgage-Backed Security (MBS) Forwards Contracts

The South Dakota Housing Development Authority has entered into forward contracts to hedge the interest rate risk of delivering MBS securities guaranteed by Ginnie Mae and Fannie Mae in the future, before the securities are ready for delivery (referred to as "to-be-announced" or TBA Mortgage-Backed Securities). These securities represent pools of qualified mortgage loans originated by Authority approved lenders. The forward contracts offset the financial impact to the Authority of changes in interest rates between the time of loan reservations made to originating mortgage lenders and the securitization and sale of such loans as Ginnie Mae or Fannie Mae securities. The forward contracts are considered derivative instruments and the fair values were obtained from an external pricing specialist who used acceptable methods and assumptions in accordance with GASB requirements, subject to review and approval by the Authority. A positive fair value represents money due the Authority by the counterparty, while a negative fair value represents money payable by the Authority.

Outstanding forward sales contracts as of June 30, 2015, are as follows:

| Forward Contracts to sell TBA Mortgage- Backed Securities | Notional Amount June 30, 2015 | Trade Date | Delivery Date | Coupon Rate | Fair Values June 30, 2015 | Moody's Credit Rating |
|--|--|-----------------------|--------------------------|------------------------|--------------------------------------|--------------------------------------|
| Bank of America Merrill Lynch | | | | | | |
| GNMA II | \$ 1,000,000 | 5/1/2015 | 7/20/2015 | 3.50% | \$ 8,516 | Not rated |
| GNMA II | 1,000,000 | 5/8/2015 | 7/20/2015 | 3.50% | 11,016 | Not rated |
| GNMA II | 1,000,000 | 5/13/2015 | 7/20/2015 | 3.50% | 3,125 | Not rated |
| GNMA II | 1,000,000 | 5/18/2015 | 7/20/2015 | 3.50% | 6,094 | Not rated |
| GNMA II | 2,000,000 | 6/15/2015 | 7/20/2015 | 3.00% | (9,688) | Not rated |
| FNMA | 1,000,000 | 6/9/2015 | 8/13/2015 | 3.50% | (4,531) | Aaa |
| GNMA II | 1,000,000 | 5/22/2015 | 8/20/2015 | 3.50% | 5,039 | Not rated |
| GNMA II | 1,000,000 | 6/12/2015 | 8/20/2015 | 3.50% | (4,063) | Not rated |
| GNMA II | 1,000,000 | 6/8/2015 | 8/20/2015 | 3.50% | (3,281) | Not rated |
| GNMA II | 1,000,000 | 6/15/2015 | 8/20/2015 | 3.50% | (4,063) | Not rated |
| FNMA | 1,000,000 | 6/15/2015 | 9/14/2015 | 4.00% | (1,563) | Aaa |
| FNMA | 1,000,000 | 6/22/2015 | 9/14/2015 | 3.50% | 1,719 | Aaa |
| GNMA II | 1,000,000 | 6/24/2015 | 9/21/2015 | 4.00% | (2,656) | Not rated |
| Bank of New York Mellon | | | | | | |
| FNMA | 1,000,000 | 5/11/2015 | 7/14/2015 | 3.50% | 6,875 | Aaa |
| GNMA II | 2,164,500 | 6/15/2015 | 7/20/2015 | 3.50% | (7,440) | Not rated |
| FNMA | 1,000,000 | 5/14/2015 | 8/13/2015 | 3.50% | 5,781 | Aaa |
| FNMA | 1,000,000 | 5/15/2015 | 8/13/2015 | 3.00% | 13,281 | Aaa |
| FNMA | 500,000 | 5/29/2015 | 8/13/2015 | 4.00% | 3,359 | Aaa |
| FNMA | 500,000 | 6/8/2015 | 8/13/2015 | 4.00% | (1,094) | Aaa |
| GNMA II | 1,000,000 | 5/20/2015 | 8/20/2015 | 3.00% | 3,906 | Not rated |
| GNMA II | 500,000 | 6/1/2015 | 8/20/2015 | 3.00% | 4,297 | Not rated |
| GNMA II | 500,000 | 6/1/2015 | 8/20/2015 | 3.50% | 3,594 | Not rated |
| GNMA II | 1,000,000 | 6/11/2015 | 8/20/2015 | 4.00% | (1,406) | Not rated |
| FNMA | 500,000 | 6/15/2015 | 9/14/2015 | 3.50% | (781) | Aaa |
| GNMA II | 1,000,000 | 6/23/2015 | 9/21/2015 | 3.50% | (2,969) | Not rated |
| Piper Jaffray | | | | | | |
| GNMA II | 3,893,000 | 6/15/2015 | 7/20/2015 | 3.00% | (20,073) | Not rated |
| GNMA II | 1,000,000 | 6/9/2015 | 8/20/2015 | 4.00% | (2,188) | Not rated |
| Simmons First | | | | | | |
| GNMA II | 2,000,000 | 4/24/2015 | 7/20/2015 | 3.00% | 34,688 | Not rated |
| GNMA II | 1,000,000 | 5/22/2015 | 8/20/2015 | 3.00% | 5,781 | Not rated |
| GNMA II | 1,000,000 | 6/17/2015 | 9/21/2015 | 3.50% | (3,750) | Not rated |
| GNMA II | 1,000,000 | 6/17/2015 | 9/21/2015 | 4.00% | (4,140) | Not rated |
| | \$ 34,557,500 | | | | \$ 43,385 | |

4. DISAGGREGATION OF RECEIVABLES AND PAYABLES

A. Receivables - Net

The line "Receivables, net" reported on the Government-wide Statement of Net Position consisted of the following (expressed in thousands):

| | Governmental Activities | | | | | | | |
|-----------------------------|-------------------------|---------------------|------------------------------|--------------------------|----------------------------------|------------------------------|------------------------|------------|
| | General Fund | Transportation Fund | Social Services Federal Fund | Dakota Cement Trust Fund | Education Enhancement Trust Fund | Non-major Governmental Funds | Internal Service Funds | Total |
| Taxes Receivable | \$127,423 | \$ 17,255 | \$ | \$ | \$ | \$ 3,254 | \$ | \$ 147,932 |
| Allowance | (13,020) | (28) | | | | | | (13,048) |
| Accounts Receivable | 13,423 | 582 | 11,643 | | | 23,824 | 1,158 | 50,630 |
| Allowance | (1,241) | (417) | | | | (5,879) | | (7,537) |
| Due From Other Governments | 875 | 55,972 | 35,726 | | | 76,922 | 95 | 169,590 |
| Interest Receivable | 1,214 | 236 | 2 | 772 | 1,515 | 1,627 | 203 | 5,569 |
| Current Loans and Notes | | | | | | 7,048 | | 7,048 |
| Allowance | | | | | | (2,239) | | (2,239) |
| Non-current Loans and Notes | | 369 | | | | 45,135 | | 45,504 |
| Allowance | | | | | | | | |
| Due From Fiduciary Funds | 28 | | | | | 161 | 69 | 258 |
| Receivables, net | \$128,702 | \$ 73,969 | \$ 47,371 | \$ 772 | \$ 1,515 | \$ 149,853 | \$1,525 | \$ 403,707 |

| Business-type Activities | | | | | |
|-----------------------------|-----------------|----------------------------------|-------------------------------------|----------------------------|-------------------|
| | Lottery Fund | Clean Water State Revolving Fund | Drinking Water State Revolving Fund | Non-major Enterprise Funds | Total |
| Accounts Receivable | \$ 4,866 | \$ | \$ | \$ 4,104 | \$ 8,970 |
| Allowance | (18) | | | (2,354) | (2,372) |
| Due From Other Governments | | 397 | 409 | 254 | 1,060 |
| Interest Receivable | 39 | 2,730 | 1,838 | 353 | 4,960 |
| Current Loans Receivable | | 20,743 | 10,927 | 9,705 | 41,375 |
| Allowance | | | | (228) | (228) |
| Noncurrent Loans Receivable | | 213,196 | 132,072 | 31,456 | 376,724 |
| Allowance | | | | (1,169) | (1,169) |
| Due From Fiduciary Funds | | | | 25 | 25 |
| Receivables, net | \$ 4,887 | \$237,066 | \$ 145,246 | \$ 42,146 | \$ 429,345 |

B. Accounts Payable and Other Current Liabilities

The line “Accounts Payable and Other Current Liabilities” reported on the Government-wide Statement of Net Position consisted of the following (expressed in thousands):

| Governmental Activities | | | | | | | |
|-----------------------------|------------------|---------------------|------------------------------|---------------------|-------------------------------|------------------------------|------------------------|
| | General Fund | Transportation Fund | Social Services Federal Fund | Dakota Cement Trust | Educational Enhancement Trust | Non-major Governmental Funds | Internal Service Funds |
| Payroll and Withholdings | \$ 12,957 | \$ 4,925 | \$ 2,266 | \$ | \$ | \$ 9,106 | \$ 2,438 |
| Accounts Payable | 18,969 | 43,078 | 5,422 | 105 | 462 | 18,704 | 3,314 |
| Medicaid and CHIP Claims | 25,456 | | 32,870 | | | 6,655 | |
| Due to Other Governments | 979 | 4,104 | 131 | | | 29,740 | 208 |
| Bank Tax Refund | 9,573 | | | | | | |
| Shared Revenue Distribution | 11,975 | | | | | 31,737 | |
| Claims Payable | | | | | | | 14,383 |
| Due to Fiduciary Funds | 43 | | | | | 56 | |
| Total | \$ 79,952 | \$ 52,107 | \$ 40,689 | \$ 105 | \$ 462 | \$ 95,998 | \$ 20,343 |
| | | | | | | | \$ 289,656 |

| Business-type Activities | | | | |
|--------------------------|-----------------|----------------------------------|-------------------------------------|----------------------------|
| | Lottery Fund | Clean Water State Revolving Fund | Drinking Water State Revolving Fund | Non-major Enterprise Funds |
| Payroll and Withholdings | \$ 118 | \$ 21 | \$ 18 | \$ 611 |
| Accounts Payable | 1,915 | 629 | 194 | 5,383 |
| Due to Fiduciary Funds | | | | 11 |
| Escrow Payable | 69 | | | 69 |
| Claims Payable | | | | 71 |
| Other Liabilities | 485 | | | 91 |
| Total | \$ 2,587 | \$ 650 | \$ 212 | \$ 6,167 |
| | | | | \$ 9,616 |

5. INTERFUND TRANSACTIONS

The composition of interfund balances at June 30, 2015 is as follows (expressed in thousands):

A. Interfund Receivables and Payables

| | Due From | | | | | | | | | | | |
|------------------------------|--------------|---------------------|------------------------------|----------------------------|------------------------------|--------------|-----------------------------|--------------------------------|----------------------------|------------------------|-----------------|-----------|
| | General Fund | Transportation Fund | Social Services Federal Fund | Education Enhancement Fund | Non-major Governmental Funds | Lottery Fund | Clean Water State Revolving | Drinking Water State Revolving | Non-major Enterprise Funds | Internal Service Funds | Fiduciary Funds | Total |
| Due To | | | | | | | | | | | | |
| General Fund | \$ | | \$ 4,218 | \$ 17,037 | \$ 17,126 | \$ 5,374 | \$ | \$ | \$ 2 | \$ | \$ 28 | \$ 43,785 |
| Transportation Fund | 2 | | 11 | | 903 | 15 | | | 3 | 385 | | 1,319 |
| Social Services Federal Fund | | | | | 5 | | | | | | | 5 |
| Non-major Governmental Funds | 452 | 78 | 311 | | 3,082 | 567 | 2 | 1 | 171 | 166 | 161 | 4,991 |
| Non-major Enterprise Funds | 1,030 | 4 | 14 | | 73 | | | | | 47 | 25 | 1,193 |
| Internal Service Funds | 2,432 | 1,148 | 771 | | 2,879 | 87 | | | 157 | 754 | 69 | 8,297 |
| Fiduciary Funds | 43 | | | | 56 | | | | 11 | | | 110 |
| Total | \$ 3,959 | \$ 1,230 | \$ 5,325 | \$ 17,037 | \$ 24,124 | \$ 6,043 | \$ 2 | \$ 1 | \$ 344 | \$ 1,352 | \$ 283 | \$ 59,700 |

Interfund receivables and payables are recorded for: 1) interfund goods or services provided or other reimbursable transactions occurring between funds; 2) year-end entries eliminating deficit cash balances in funds as described further in Note 3; and, 3) other payables existing between funds. Included in the interfund balances above is \$500,000 due from the General Fund to the Revolving Economic Development and Initiative Fund, reported as a non-major Enterprise Fund, and this amount is expected to be disbursed in fiscal year 2017 per SDCL 1-16G-48.

Advances between funds also exist at June 30, 2015 which are not shown in the above table. These are interfund borrowings between funds that are not due within one year. In fiscal year 2015, advances include \$639,576 from the Energy Conservation Fund, reported as a non-major governmental fund, to the General Fund for energy conservation projects.

B. Interfund Transfers

| Transferred From | Transferred To | | | | | | Total |
|-------------------------------------|-------------------|---------------------|----------------------------------|------------------------------|----------------------------|------------------------|-------------------|
| | General Fund | Transportation Fund | Education Enhancement Trust Fund | Non-major Governmental Funds | Non-major Enterprise Funds | Internal Service Funds | |
| General Fund | \$ | \$ 50 | \$ | \$ 12,937 | \$ 329 | \$ 1,384 | \$ 14,700 |
| Transportation Fund | 3,096 | | | 1,212 | | | 4,308 |
| Social Services Federal Fund | | | | 227 | | | 227 |
| Dakota Cement Trust Fund | 10,804 | | | | | | 10,804 |
| Education Enhancement Trust Fund | 17,037 | | | | | | 17,037 |
| Non-major Governmental Funds | 76,235 | 6,167 | 5,521 | 20,767 | 3,016 | | 111,706 |
| Lottery Fund | 105,708 | 161 | | 6,205 | | | 112,074 |
| Clean Water State Revolving Fund | | | | 41 | | | 41 |
| Drinking Water State Revolving Fund | | | | 34 | | | 34 |
| Non-major Enterprise Funds | 2,422 | | | 2,332 | | | 4,754 |
| Internal Service Funds | | | | 345 | | | 345 |
| Total | \$ 215,302 | \$ 6,378 | \$ 5,521 | \$ 44,100 | \$ 3,345 | \$ 1,384 | \$ 276,030 |

Transfers are used to: 1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them; 2) move receipts restricted for debt service from the funds collecting the receipts to the debt service funds as debt service payments become due; and, 3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

In fiscal year 2015, \$192,950,231 of State appropriations was used to support state-run universities, which are reported under Higher Education, a component unit. The amounts are reported as expenditures in the Governmental Fund Balance Sheet and as expenses in the governmental activities column of the Statement of Activities. They are reported as revenues in the component unit's column of the Statement of Activities.

6. CAPITAL ASSETS

A. Primary Government

Capital Assets consisted of the following for fiscal year 2015 (expressed in thousands):

| Governmental Activities | Beginning Balance | Additions | Deletions | Ending Balance |
|--|------------------------------|-------------------|-------------------|---------------------------|
| Capital Assets Not Being Depreciated: | | | | |
| Land, as restated | \$ 111,868 | \$ 4,872 | \$ 1,103 | \$ 115,637 |
| Land Improvements | 8,060 | 844 | | 8,904 |
| Land & Improvements - Roads | 607,417 | 6,203 | | 613,620 |
| Construction in Progress, as restated | 293,124 | 138,262 | 166,602 | 264,784 |
| Total Capital Assets Not Being Depreciated | 1,020,469 | 150,181 | 167,705 | 1,002,945 |
| Capital Assets Being Depreciated: | | | | |
| Land Improvements | 29,922 | 1,372 | | 31,294 |
| Buildings, as restated | 595,702 | 6,157 | 572 | 601,287 |
| Equipment, as restated | 207,254 | 15,673 | 6,819 | 216,108 |
| Intangible Assets - Software, as restated | 69,841 | 3,575 | 469 | 72,947 |
| Vehicles, as restated | 145,341 | 16,823 | 9,984 | 152,180 |
| Infrastructure | 3,655,948 | 140,178 | 34,768 | 3,761,358 |
| Total Capital Assets Being Depreciated | 4,704,008 | 183,778 | 52,612 | 4,835,174 |
| Less: Accumulated Depreciation for: | | | | |
| Land Improvements | 11,034 | 1,358 | | 12,392 |
| Buildings, as restated | 196,320 | 16,081 | 464 | 211,937 |
| Equipment, as restated | 120,811 | 14,311 | 6,012 | 129,110 |
| Intangible Assets - Software, as restated | 46,545 | 4,049 | 238 | 50,356 |
| Vehicles, as restated | 80,732 | 9,642 | 8,860 | 81,514 |
| Infrastructure, as restated | 1,450,634 | 62,333 | 26,153 | 1,486,814 |
| Total Accumulated Depreciation | 1,906,076 | 107,774 | 41,727 | 1,972,123 |
| Total Capital Assets Being Depreciated, Net | 2,797,932 | 76,004 | 10,885 | 2,863,051 |
| Total Governmental Activities, Net | \$ 3,818,401 | \$ 226,185 | \$ 178,590 | \$ 3,865,996 |

Continued on next page

| Business-type Activities | Beginning Balance | Additions | Deletions | Ending Balance |
|--|------------------------------|------------------|------------------|---------------------------|
| Capital Assets Not Being Depreciated: | | | | |
| Land | \$ 295 | \$ | \$ | \$ 295 |
| Total Capital Assets Not Being Depreciated | 295 | 0 | 0 | 295 |
| Capital Assets Being Depreciated: | | | | |
| Land Improvements | 924 | | | 924 |
| Buildings | 4,008 | | | 4,008 |
| Equipment | 3,677 | 44 | 98 | 3,623 |
| Intangible Assets - Software | 2,860 | | 519 | 2,341 |
| Total Capital Assets Being Depreciated | 11,469 | 44 | 617 | 10,896 |
| Less: Accumulated Depreciation for: | | | | |
| Land Improvements | 604 | 14 | | 618 |
| Buildings | 3,167 | 71 | | 3,238 |
| Equipment | 2,759 | 558 | 91 | 3,226 |
| Intangible Assets - Software | 1,584 | 233 | 519 | 1,298 |
| Total Accumulated Depreciation | 8,114 | 876 | 610 | 8,380 |
| Total Capital Assets Being Depreciated, Net | 3,355 | (832) | 7 | 2,516 |
| Total Business-type Activities, Net | \$ 3,650 | \$ (832) | \$ 7 | \$ 2,811 |

Depreciation was charged to the function of government as follows:

| Governmental Activities | Amount |
|--|------------------|
| Unallocated | \$ 53 |
| General Government | 10,588 |
| Health, Human and Social Services | 3,340 |
| Law, Justice, Public Protection and Regulation | 11,590 |
| Agriculture and Natural Resources | 4,009 |
| Transportation | 75,205 |
| Education | 2,906 |
| Economic Resources | 83 |
| Total Governmental Activities | \$107,774 |
| Business-type Activities | |
| Enterprise Funds | \$ 876 |

B. Component Units

Capital Assets for Component Units consisted of the following for fiscal year 2015 (expressed in thousands):

| | Beginning Balance | Additions | Deletions | Balance |
|--|------------------------------|------------------|------------------|------------------|
| Higher Education: | | | | |
| Capital Assets Not Being Depreciated: | | | | |
| Land, as restated | \$ 23,926 | \$ 1,381 | \$ 2 | \$ 25,305 |
| Construction in Progress, as restated | 68,321 | 92,247 | 74,417 | 86,151 |
| Works of Art and Historical Treasures | 9,045 | 84 | | 9,129 |
| Total Capital Assets Not Being Depreciated | 101,292 | 93,712 | 74,419 | 120,585 |
| Capital Assets Being Depreciated: | | | | |
| Land Improvements | 37,576 | 1,390 | | 38,966 |
| Infrastructure | 57,103 | 8,393 | 187 | 65,309 |
| Buildings, as restated | 992,137 | 75,339 | 648 | 1,066,828 |
| Equipment and Other Assets, as restated | 246,007 | 13,498 | 5,236 | 254,269 |
| Total Capital Assets Being Depreciated | 1,332,823 | 98,620 | 6,071 | 1,425,372 |
| Less: Accumulated Depreciation for: | | | | |
| Land Improvements | 15,757 | 1,559 | | 17,316 |
| Infrastructure | 19,787 | 2,296 | | 22,083 |
| Buildings, as restated | 314,833 | 28,985 | 496 | 343,322 |
| Equipment and Other Assets, as restated | 187,459 | 12,741 | 4,534 | 195,666 |
| Total Accumulated Depreciation | 537,836 | 45,581 | 5,030 | 578,387 |
| Total Capital Assets Being Depreciated, Net | 794,987 | 53,039 | 1,041 | 846,985 |
| Total Higher Education Capital Assets, Net | 896,279 | 146,751 | 75,460 | 967,570 |
| *** Higher Education amounts do not include their foundations. | | | | |
| South Dakota Housing Development Authority: | | | | |
| Capital Assets Not Being Depreciated: | | | | |
| Land | 220 | | | 220 |
| Total Capital Assets Not Being Depreciated | 220 | 0 | 0 | 220 |
| Capital Assets Being Depreciated: | | | | |
| Land Improvements | 1,210 | 50 | | 1,260 |
| Buildings | 4,949 | | | 4,949 |
| Equipment | 4,051 | 77 | 386 | 3,742 |
| Total Capital Assets Being Depreciated | 10,210 | 127 | 386 | 9,951 |
| Less: Accumulated Depreciation for: | | | | |
| Land Improvements | 602 | 41 | | 643 |
| Buildings | 711 | 126 | | 837 |
| Equipment and Other Assets | 2,857 | 276 | 386 | 2,747 |
| Total Accumulated Depreciation | 4,170 | 443 | 386 | 4,227 |
| Total Capital Assets Being Depreciated, Net | 6,040 | (316) | 0 | 5,724 |
| Total Housing Authority Capital Assets, Net | 6,260 | (316) | 0 | 5,944 |

Continued on next page

| | Beginning Balance | Additions | Deletions | Balance |
|---|------------------------------|-------------------|-------------------|---------------------|
| Science and Technology Authority: | | | | |
| Capital Assets Not Being Depreciated: | | | | |
| Land | 1,534 | 45 | | 1,579 |
| Underground Mine | 17,055 | 196 | | 17,251 |
| Archive Materials | 70 | | | 70 |
| Construction in Progress | 9,680 | 15,213 | 556 | 24,337 |
| Total Capital Assets Not Being Depreciated | 28,339 | 15,454 | 556 | 43,237 |
| Capital Assets Being Depreciated: | | | | |
| Building Improvements | 33,813 | | | 33,813 |
| Buildings | 7,223 | | | 7,223 |
| Equipment | 8,991 | 1,421 | 66 | 10,346 |
| Equipment Under Capital Leases | 884 | | | 884 |
| Vehicles | 79 | 17 | 10 | 86 |
| Infrastructure | 1,659 | | | 1,659 |
| Total Capital Assets Being Depreciated | 52,649 | 1,438 | 76 | 54,011 |
| Less: Accumulated Depreciation for: | | | | |
| Building Improvements | 3,194 | 873 | | 4,067 |
| Buildings | 1,318 | 144 | | 1,462 |
| Equipment | 2,570 | 890 | 23 | 3,437 |
| Equipment Under Capital Leases | 248 | 114 | | 362 |
| Vehicles | 54 | 11 | 9 | 56 |
| Infrastructure | 173 | 38 | | 211 |
| Total Accumulated Depreciation | 7,557 | 2,070 | 32 | 9,595 |
| Total Capital Assets Being Depreciated, Net | 45,092 | (632) | 44 | 44,416 |
| Total Science and Technology Authority Capital Assets, Net | 73,431 | 14,822 | 600 | 87,653 |
| Ellsworth Development Authority | | | | |
| Capital Assets Not Being Depreciated: | | | | |
| Land and Easements | 381 | 1,709 | 1,522 | 568 |
| Construction in Progress | 23,466 | 1,657 | 25,123 | 0 |
| Total Capital Assets Not Being Depreciated | 23,847 | 3,366 | 26,645 | 568 |
| Capital Assets Being Depreciated: | | | | |
| Equipment | 4 | | | 4 |
| Buildings | | 16,872 | | 16,872 |
| Improvements | | 6,921 | | 6,921 |
| Total Capital Assets Being Depreciated | 4 | 23,793 | 0 | 23,797 |
| Less: Accumulated Depreciation for: | | | | |
| Equipment | 4 | | | 4 |
| Buildings | | 515 | | 515 |
| Improvements | | 254 | | 254 |
| Total Accumulated Depreciation | 4 | 769 | 0 | 773 |
| Total Capital Assets Being Depreciated, Net | 0 | 23,024 | 0 | 23,024 |
| Total Ellsworth Development Authority Capital Assets, Net | 23,847 | 26,390 | 26,645 | 23,592 |
| Total Discretely Presented Component Units, Net | \$ 999,817 | \$ 187,647 | \$ 102,705 | \$ 1,084,759 |

C. Construction in Progress

The State has entered into contracts for the renovation and construction of buildings, structures and infrastructure (highway projects). Constructions in Progress at June 30, 2015 are as follows (expressed in thousands):

| | <u>Amount</u> |
|---|--------------------------|
| Primary Government | |
| Governmental Activities | |
| Land Improvements | \$ 224 |
| Buildings and Structures | 39,810 |
| Equipment | 2,992 |
| Intangibles - Computer Software | 55,205 |
| Infrastructure | 166,553 |
| Total Governmental Activities | <u>264,784</u> |
| Business - Type Activities | |
| Total Business - Type Activities | <u>0</u> |
| Total Primary Government | <u>\$ 264,784</u> |
| | |
| Discretely Presented Component Units | |
| Higher Education | |
| Land Improvements | \$ 3,173 |
| Buildings and Structures | 75,947 |
| Infrastructure | 7,031 |
| Science and Technology | |
| Buildings and Structures | 5,857 |
| Infrastructure | 18,480 |
| Total Discretely Presented Component Units | <u>\$ 110,488</u> |

7. RETIREMENT PLANS

A. South Dakota Retirement System

General Description of the System

The South Dakota Retirement System (SDRS or the System) is a cost sharing, multiple employer public employee retirement system (PERS) established to provide retirement benefits for employees of the State and its political subdivisions. Members of SDRS include full time employees of public schools, the State, the Board of Regents, city and county governments, and other public entities. Public schools, cities, and counties may choose not to include certain full time employees in the System.

SDRS is considered a part of the State financial reporting entity and is included in the State's financial report as a pension trust fund. Authority for establishing, administering, and amending plan provisions is found in South Dakota Codified Law (SDCL) 3-12. Copies of the audited SDRS financial statements are available at <http://www.sdrs.sd.gov/>.

The South Dakota Retirement System Board of Trustees (the Board) is the governing authority of SDRS. The Board consists of 14 elected representatives from participating groups, two appointees of the governor, and an ex officio nonvoting representative of the South Dakota Investment Council. The elected representatives of the Board are two teacher members; two State employee members; a participating municipality member; a participating county member; a participating classified employee member; a current contributing Class B member other than a justice, judge, or magistrate judge; a county commissioner of a participating county; a school district board member, a justice, judge, or

magistrate judge, an elected municipal official of a participating municipality; a retiree; and a faculty or administrative member employed by the Board of Regents. The two Governor's appointees consist of one head of a principal department established pursuant to SDCL 1-32-2, or one head of a bureau under the office of executive management and one individual from the private or public sector.

SDRS is a hybrid defined benefit plan designed with several defined contribution plan type provisions. The system includes three classes of members: Class A general members, Class B public safety and judicial members, and Class C Cement Plant Retirement members. Members and their employers make matching contributions, which are defined in State statute. SDRS may expend up to 3% of the annual contributions for administrative expenses subject to approval by the executive and legislative branches of the State.

SDRS provides retirement, disability, and survivor benefits. The right to receive retirement benefits vests after three years of contributory service. Class A members and Class B judicial members who retire after age 65 with three years of service are entitled to an unreduced annual retirement benefit. An unreduced annual retirement benefit is also available after age 55 for Class A members where the sum of age and credited service is equal to or greater than 85 or after age 55 for Class B judicial members where the sum of age and credited service is equal to or greater than 80. Class B public safety members can retire with an unreduced annual retirement benefit after age 55 with three years of contributory service. An unreduced annual retirement benefit is also available after age 45 for Class B public safety members where the sum of age and credited service is equal to or greater than 75. All retirement benefits that do not meet the above criteria may be payable at a reduced level. Class C Cement Plant Retirement members have a normal retirement age of 65 and early retirement is age 55 with the required credited service. Class C provides for disability payments for those disabled on or before March 16, 2001. All participants of the Plan on March 15, 2001 were 100% vested.

The annual increase in the amount of the SDRS benefits payable on each July 1st is indexed to the consumer price index (CPI) and based on SDRS funded status:

- If the SDRS market value funded ratio is 100% or more – 3.1% COLA
- If the SDRS market value funded ratio is 80.0% to 99.9%, index with the CPI
 - * 90.0% to 99.9% funded – 2.1% minimum and 2.8% maximum COLA
 - * 80.0% to 90.0% funded – 2.1% minimum and 2.4% maximum COLA
- If the SDRS market value funded ratio is less than 80% – 2.1% COLA

All benefits except those depending on the Member's Accumulated Contributions are annually increased by the Cost of Living Adjustment.

SDRS is a qualified defined benefit retirement plan under Section 401(a) of the Internal Revenue Code and is exempt from federal income taxes. SDRS last received a favorable determination letter dated July 3, 2012, in which the Internal Revenue Service stated that the System, as then designated, was in compliance with the applicable requirements of the Internal Revenue Code. SDRS believes that the system currently is designed and being operated in compliance with the applicable requirements of the Internal Revenue Code, and therefore, SDRS continues to be tax exempt as of June 30, 2015. Therefore, no provision for income taxes has been included in SDRS's financial statements.

Summary of Significant Accounting Policies

SDRS's financial statements are prepared using the accrual basis of accounting in accordance with U.S. generally accepted accounting principles applicable to governmental accounting for a pension trust fund. Employee and employer contributions are recognized when due pursuant to formal commitment, as well as statutory requirements. Pension benefit payments are due the first day of the month following the retirement of a member, and the first of each month thereafter. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Investments are reported at fair value. The fair value of investments in securities is determined based on last reported prices for those securities traded on national and international stock exchanges. In general, fixed income securities not traded on a national or international exchange are valued based on comparable securities of issuers with similar yield and risk. The value of foreign securities in foreign currency amounts is expressed in U.S. dollars at the closing daily rate of exchange. Purchases and sales are recorded as of the trade date.

Foreign exchange rate gains and losses are included with the net appreciation in fair value in investments. Futures contracts are marked to market based on quoted futures prices with changes in fair value reflected in the current period.

Interest is accrued in the period in which it is earned and dividend income is recorded on the ex-dividend date.

The preparation of SDRS's financial statements in conformity with accounting principles generally accepted in the United States of America requires the plan administrator to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and changes therein. Actual results could differ from those estimates.

Contributions

Covered employees are required by statute to contribute a percentage of their salary to SDRS as follows:

| | |
|-------------------------------|----|
| Class A members | 6% |
| Class B judicial members | 9% |
| Class B public safety members | 8% |

All participating employers are required to contribute an amount equal to the members' contributions. Members may make an additional contribution of 1.5% of compensation for optional spouse coverage (closed to new enrollees after July 1, 2010).

SDRS is funded by fixed member and employer contributions at a rate established by South Dakota law. On an annual basis, an independent actuarial valuation of SDRS is performed to determine the adequacy of the fixed contributions to pay the normal costs and expenses if the System is fully funded or pay the normal costs, expenses and amortize the unfunded actuarial accrued liability (UAAL) if the System is not fully funded. The June 30, 2014 actuarial valuation of the plan determined that the System is fully funded and that the statutorily required employer contributions meet the requirements for the annual required contributions of the employers under Governmental Accounting Standards Board (GASB) Statement No. 25, *Financial reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* along with amendments included in Statement No. 67, *Financial Reporting for Pension Plans*; and the statutorily required employer contributions are sufficient to pay the employer normal cost and expenses.

Contributions for the primary government during fiscal year 2015 were \$24,588,311 and during fiscal year 2014 were \$23,155,335. Contributions for the State's component units during fiscal year 2015 were \$17,493,492 and during fiscal year 2014 were \$16,997,432.

State's Proportionate Share of SDRS

For fiscal year 2015, the State and its component units used a July 1, 2013 to June 30, 2014 measurement date for reporting purposes.

The State's proportionate share of SDRS's collective net pension asset is 22.0687777% or \$158,996,518 using a June 30, 2014 measurement date. This percentage was measured based on all employer contributions from July 1, 2013 through June 30, 2014. Pension revenues were \$6,715,954 and contributions subsequent to the measurement date were \$24,588,311.

The State's component units pension revenues were \$4,929,921 and contributions subsequent to the measurement date were \$17,493,492.

The components of the net pension asset of the System at June 30, 2014 were as follows:

| | State of South Dakota Proportionate Allocation 22.0687777% | Discretely Presented Component Units Proportionate Allocation 16.1998334% |
|-----------------------------|--|--|
| Total Pension Liability | \$ 2,181,961,102 | \$ 1,601,692,981 |
| Plan Fiduciary Net Position | (2,340,957,620) | (1,718,406,156) |
| Net Pension Asset | <u>\$ (158,996,518)</u> | <u>\$ (116,713,175)</u> |

| | | |
|--|--------|--------|
| Fiduciary Net Position as a Percentage of Net Pension Liability | 107.3% | 107.3% |
|--|--------|--------|

Actuarial Assumptions – The total pension liability was determined by an actuarial valuation as of June 30, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|------------------|---|
| Inflation: | 3.25% |
| Salary Increase: | 5.83% at entry to 3.87% after 30 years of service |
| Discount Rate: | 7.25% through 2017 and 7.50% thereafter, net of pension plan investment expense |

Mortality rates were based on the RP-2000 Employee Mortality Table for males and females, as appropriate.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period of July 1 2005 to June 30, 2010. The mortality assumptions were revised based on an extension of the experience study including mortality experience through June 30, 2013.

Discount rate – The discount rate used to measure the total pension liability was 7.25% through FY 2017 and 7.50% thereafter. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that matching employer contributions will be made at rates equal to the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Investments – The long-term expected rate of return on pension plan investments was determined using a method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2014 (see the discussion of the pension plan's investment policy) are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|---------------|----------------------|---|
| Global Equity | 64% | 4.7% |
| Fixed Income | 26% | 1.8% |
| Real Estate | 8% | 5.5% |
| Cash | 2% | 0.8% |
| Total | 100% | |

Sensitivity of (asset) liability to changes in the discount rate – The following presents the net pension (asset) liability of the State's proportionate share of SDRS's collective net pension asset of \$158,996,518 using a June 30, 2014 measurement date, calculated using the discount rate of 7.25% through FY 2017 and 7.50% thereafter, as well

as what the System's net pension asset would be if it were calculated using a discount rate that is 1% point lower (6.25/6.50%) or 1% point higher (8.25/8.50%) than the current rate:

| | <u>1% Decrease</u> | <u>Current Discount Rate</u> | <u>1% Increase</u> |
|---|--------------------|------------------------------|--------------------|
| State's proportionate share of SDRS's net pension (asset) liability | \$ 157,118,465 | \$ (158,996,518) | \$ (416,821,282) |
| Discretely presented component units proportionate share of the net pension (asset) liability | 115,334,676 | (116,713,283) | (305,972,615) |

Deferred Outflows and Inflows of Resources Related to Pensions – The Deferred Outflows and Inflows of Resources related to pensions at June 30, 2015 were as follows:

State of South Dakota
Deferred Outflows and Inflows of Resources
Related to Pensions
(Expressed in Thousands)

| <u>Source</u> | <u>Primary Government</u> | | <u>Discretely Presented Component Units</u> | |
|---|---------------------------------------|--------------------------------------|---|--------------------------------------|
| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
| Differences between Expected and Actual Experience | \$ 13,453 | \$ | \$ 9,875 | \$ |
| Changes in Assumptions | 103,788 | | 76,187 | |
| Net Differences between Projected and Actual Earnings on Pension Plan Investments | | 184,145 | | 135,173 |
| Contributions Subsequent to the Measurement Date | 24,588 | | 17,493 | |
| Total | \$ 141,829 | \$ 184,145 | \$ 103,555 | \$ 135,173 |

The \$24.6 million and the \$17.5 million reported above as deferred outflows of resources by the primary government and the discretely presented component units are the result of employer contributions made subsequent to the measurement date of June 30, 2014. These contributions will be recognized as an increase of the net pension asset in the upcoming year. The remaining amounts reported above as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows (dollars expressed in thousands):

Recognition of Remaining Deferred Outflows and (Inflows) or Resources

| <u>Year Ending June 30</u> | <u>Primary Government</u> | <u>Discretely Presented Component Units</u> |
|----------------------------|---------------------------|---|
| 2016 | \$ (12,634) | \$ (9,274) |
| 2017 | (12,634) | (9,274) |
| 2018 | (12,634) | (9,274) |
| 2019 | (29,001) | (21,289) |
| Total | \$ (66,903) | \$ (49,111) |

B. Department of Labor Employment Security Retirement Plan

Employees of the Department of Labor and Regulation hired prior to July 1, 1980 had the option to become a member of the SDRS, or maintain membership in the Employment Security Retirement Plan. Per SDCL 61-2-15, the Department of Labor and Regulation may establish this retirement program and contract with a retirement plan

administrator selected by the employee's retirement board. In addition this SDCL further specifies that no obligation may be incurred against the State's General Fund to pay for this program. The assets of the plan are not included in the accompanying financial statements because the assets are remitted to a third-party who administers the plan for the participants. The State has no liability for losses under the plan.

The Employment Security Retirement Plan was established as a defined benefit single employer plan administered through a private insurance carrier, however; the plan can be changed at any time. If the plan should terminate, the full amount in the employee account will be used to provide a retirement benefit to the employee. The plan assets over and above employee accounts will be used up on a priority basis to provide retirement income for plan members.

On July 1, 2014, the most recent actuarial valuation date, the plan had 14 active participants, 2 vested terminated participants, and 222 retired participants and beneficiaries.

8. DEFERRED COMPENSATION PLAN

The State of South Dakota (through South Dakota Retirement System) maintains a deferred compensation plan for the benefit of its employees created in accordance with Internal Revenue Code Section 457. The plan is available to all employees of the State and its political subdivisions. The plan permits participants to defer a portion of their salary until future years, thereby deferring taxation on the portion deferred. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights held by the deferred compensation plan, at all times until made available to a participant or the participant's beneficiary, shall be held in trust for the exclusive benefit of the participants. The State has no liability for losses under the plan.

The assets of the deferred compensation plan are not included in the accompanying financial statements because the assets are remitted to a third-party who administers and markets the plan for the participants. A copy of the South Dakota Retirement System financial statements is available to the public at www.sdrs.sd.gov.

9. SPECIAL PAY PLAN

The State of South Dakota (through South Dakota Retirement System) offers the Special Pay Plan (SPP) that was established in July 2004 as a qualified plan pursuant to Internal Revenue Code Section 401(a) under the administrative responsibility of the SDRS Board of Trustees. South Dakota state government and the South Dakota Board of Regents are participating units and every state political subdivision may become a participating unit in the plan. The SPP mandates that qualifying employees (over age 55 and \$600 or more in "special" pay) of participating units defer 100 percent of their special lump-sum termination pay to the plan. The participating unit transfers the deferred pay to the fund. This deferred pay is available to a participant immediately after termination, upon later retirement, or to beneficiaries or an estate upon the participant's death. A copy of the South Dakota Retirement System financial statements is available to the public at www.sdrs.sd.gov.

10. FUND BALANCES AND NET POSITION

Fund Balance Classifications – Governmental Funds

The following table provides additional detail regarding the fund balances reported on the Governmental Fund Balance Sheet at June 30, 2015, (expressed in thousands):

| | General | Trans- portation | Social Services Federal | Dakota Cement Trust | Education Enhancement Trust | Nonmajor Governmental Funds | Total |
|--|-------------------|---------------------|-------------------------------|---------------------------|-----------------------------------|-----------------------------------|---------------------|
| Nonspendable | | | | | | | |
| Inventory | \$ 2,291 | \$ 18,416 | \$ 17 | \$ | \$ | \$ 2,102 | \$ 22,826 |
| Prepays | 1,620 | 288 | 146 | | | 1,361 | 3,415 |
| Permanent Fund Principal | | | | | 347,252 | 131,511 | 478,763 |
| Total Non-Spendable Fund Balances | <u>3,911</u> | <u>18,704</u> | <u>163</u> | <u>0</u> | <u>347,252</u> | <u>134,974</u> | <u>505,004</u> |
| Restricted | | | | | | | |
| Education | | | | 305,395 | 149,877 | 8,970 | 464,242 |
| Health and Public Assistance | | | | | | 59,835 | 59,835 |
| Law , Justice, and Public Protection | | | | | | 19,060 | 19,060 |
| Economic Development | 1,637 | | | | | 54,716 | 56,353 |
| Transportation | | 132,575 | | | | | 132,575 |
| Agriculture and Natural Resources | | | | | | 91,809 | 91,809 |
| Energy Conservation or Development | | | | | | 11,547 | 11,547 |
| Game and Fish | | | | | | 9,030 | 9,030 |
| Parks and Recreation | | | | | | 7,086 | 7,086 |
| Public Buildings | | | | | | 328 | 328 |
| Public Broadcasting | | | | | | 549 | 549 |
| Railroads | | | | | | 42,873 | 42,873 |
| Debt Service | | | | | | 35,366 | 35,366 |
| Capital Projects | | | | | | 13,609 | 13,609 |
| Other | 8,842 | | | | | 7,088 | 15,930 |
| Total Restricted Fund Balances | <u>10,479</u> | <u>132,575</u> | <u>0</u> | <u>305,395</u> | <u>149,877</u> | <u>361,866</u> | <u>960,192</u> |
| Committed | | | | | | | |
| Education | | | | | | 200 | 200 |
| Health and Public Assistance | | | | | | 4,816 | 4,816 |
| Law , Justice, and Public Protection | | | | | | 13,393 | 13,393 |
| Agriculture and Natural Resources | | | | | | 8,368 | 8,368 |
| Environmental Cleanup | | | | | | 5,053 | 5,053 |
| Energy Conservation or Development | | | | | | 3,918 | 3,918 |
| Public Buildings | | | | | | 4,024 | 4,024 |
| Railroads | | | | | | 329 | 329 |
| Other | | | | | | 11,018 | 11,018 |
| Total Committed Fund Balances | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>51,119</u> | <u>51,119</u> |
| Assigned | | | | | | | |
| Education | 58,597 | | | | | 845 | 59,442 |
| Higher Education | 6,625 | | | | | | 6,625 |
| Health and Public Assistance | 9,699 | | 1,216 | | | 13,687 | 24,602 |
| Law , Justice, and Public Protection | 3,590 | | | | | 6,622 | 10,212 |
| Agriculture and Natural Resources | 4,540 | | | | | 2,108 | 6,648 |
| Tourism Promotion | 2,887 | | | | | | 2,887 |
| Public Buildings | 8,961 | | | | | 2,413 | 11,374 |
| Economic Development | 13,693 | | | | | | 13,693 |
| Other | 11,588 | | | | | 742 | 12,330 |
| Total Assigned Fund Balances | <u>120,180</u> | <u>0</u> | <u>1,216</u> | <u>0</u> | <u>0</u> | <u>26,417</u> | <u>147,813</u> |
| Unassigned Fund Balances * | 183,570 | | | | | (3,624) | 179,946 |
| Total Fund Balances | <u>\$ 318,140</u> | <u>\$ 151,279</u> | <u>\$ 1,379</u> | <u>\$ 305,395</u> | <u>\$ 497,129</u> | <u>\$ 570,752</u> | <u>\$ 1,844,074</u> |

* This amount includes \$126,737,000 of equity from the Budget Reserve established by the 1991 South Dakota Legislature as discussed further in the following paragraph.

Budget Reserve Account

The 1991 South Dakota Legislature established a budget reserve funded from any unobligated cash in the General Fund. The maximum balance of the budget reserve is 10% of the prior year's General Fund appropriation. Expenditures out of the budget reserve fund shall only be used by special appropriation (which requires a two-thirds vote of all the members of each house of the Legislature) and shall only redress such unforeseen expenditure obligations or such unforeseen revenue shortfalls as may constitute an emergency pursuant to South Dakota Constitution, Article III, Section 1. The balance in the budget reserve at June 30, 2015, was \$126,737,000 and is reported as unassigned fund balance within the General Fund.

General Fund

GASB 54

Since the implementation of GASB 54 in FY11 fourteen statutorily created funds no longer qualify as Special Revenue Funds and are required to be combined with the State's General Fund. As of June 30, 2015, the following equity balances are included within the State's General Fund in accordance with GASB 54 (expressed in thousands):

| | |
|--|--------------------------|
| Fund Balance - June 30, 2015 as reported | \$ 318,140 |
| Less: Statutorily Created Funds Combined with the General Fund | |
| Property Tax Reduction - assigned for Education | 44,610 |
| Tourism Promotion - assigned for Tourism Promotion | 2,886 |
| Investment Council Operating - assigned for Other | 3,571 |
| Private Activity Bond - assigned for Other | 409 |
| Teen Court - assigned for Other | 11 |
| Proof of Concept - assigned for Economic Development | 202 |
| Economic Development - assigned for Economic Development | 1,072 |
| Local Infrastructure Improvement - assigned for Economic Development | 3,780 |
| Workforce Education - assigned for Education | 1,432 |
| Tax Relief - unassigned | 0 |
| Building South Dakota - assigned for Economic Development, Education, and Health and Public Assistance | 15,413 |
| Extraordinary Litigation Expense - unassigned | (1,437) |
| Legislative Contingency Fund - unassigned | 1,000 |
| Unclaimed Property - unassigned | 30 |
| Fund Balance - June 30, 2015 excluding GASB 54 combinations | <u>\$ 245,161</u> |

The Immigrant Investor Program (EB-5 Program)

In evaluating the contract between SDRC, Inc. and GOED, relating to the EB-5 program, it was determined the SDRC Indemnification Fund One Account should be reported in the State's General Fund. As of June 30, 2015, the following equity balance was included within the State's General Fund (expressed in thousands):

The Immigrant Investor Program (EB-5 Program):

| | |
|---|--------------------------|
| Fund Balance - June 30, 2015 excluding GASB 54 combinations | \$ 245,161 |
| Less: SDRC Funds Combined with the General Fund | |
| SDRC Indemnification Fund One Account - restricted for Economic Development | 1,637 |
| Fund Balance - June 30, 2015 excluding all combinations | <u>\$ 243,524</u> |

Net Position Restricted by Enabling Legislation

The Government-wide Statement of Net Position reports \$1.54 billion of restricted net position for the primary government of which \$189.6 million was restricted by enabling legislation. Restrictions imposed by enabling legislation could be changed by future legislative action.

Funds Held as Permanent Investments

Funds held as permanent investments represent amounts that have been legally restricted for the purpose of providing a long-term source of investment income. Funds held in Special Revenue Funds for this purpose have their principal balance classified as nonspendable in the governmental fund financial statements since these amounts are not available for appropriation. In the Government-wide Statement of Net Position, the principal balance is shown as nonexpendable and the investment earnings remaining in these funds at June 30, 2015, is shown as expendable.

Education Enhancement Trust Fund. This fund consists of monies received from the Tobacco Settlement Agreement, monies transferred from the Tobacco Securitization Fund, monies from the Youth-at-Risk Fund and General Fund appropriations for scholarship purposes. The Fund is authorized by State law to make an annual distribution equal to 4.0% of its market value (less the investment expenses) into the General Fund for educational enhancement programs. Article XII, section 6 of the Constitution of the State of South Dakota also states that, "the Education Enhancement Trust Fund may not be diverted for other purposes, nor may the principal be invaded unless appropriated by a three-fourths vote of all the members-elect of each house of the legislature."

Health Care Trust Fund. This fund is authorized by State law to make an annual distribution equal to 4.0% of its market value (less the investment expenses) into the General Fund for health care related programs. Article XII, section 5 of the Constitution of the State of South Dakota also states that, "the Health Care Trust Fund may not be diverted for other purposes, nor may the principal be invaded unless appropriated by a three-fourths vote of all of the members-elect of each house of the legislature."

Permanent Fund. This fund is administered by the Office of School and Public Lands and accounts for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs.

These balances at June 30, 2015, are summarized as follows (expressed in thousands):

| Fund | Expendable | Nonexpendable | Total Restriction |
|-----------------------------|-------------------|----------------------|--------------------------|
| Education Enhancement Trust | \$ 149,877 | \$ 347,252 | \$ 497,129 |
| Health Care Trust | 47,223 | 85,631 | 132,854 |
| Permanent | 270 | 45,880 | 46,150 |
| Total | \$ 197,370 | \$ 478,763 | \$ 676,133 |

Individual Fund Deficits

The following individual funds had deficit fund equity at June 30, 2015 (expressed in thousands):

| Fund Type/Fund | Deficit |
|-------------------------------------|----------------|
| Internal Service: | |
| State Worker's Compensation | \$ 21,291 |
| Special Revenue: | |
| Law Enforcement Revolving | 1,230 |
| State Fire Suppression | 1,359 |
| Public Utilities Commission Federal | 100 |

11. COMMITMENTS

Construction and Other Commitments: At June 30, 2015, the Department of Transportation had contractual construction commitments of \$246,282,381 for various highway projects and maintenance commitments (including stockpile) of \$7,057,150. Financing for these future expenditures will be primarily from approved federal grants and highway use taxes.

The Department of Environment and Natural Resources had construction and other contractual commitments of \$133,964,077 for various water development projects. Financing for these future expenditures will be from approved federal grants, legislative appropriations, and a bond issue. These commitments relate to the following funds/programs:

| | |
|-------------------------------------|---------------|
| Clean Water State Revolving Fund | \$ 38,470,783 |
| Drinking Water State Revolving Fund | 45,330,494 |
| Water and Environment Fund Program | 47,723,807 |
| Federal Funds | 2,438,993 |

The South Dakota Building Authority had contracts and other construction commitments of \$64,338,220.

The South Dakota Housing Development Authority had commitments to fund the Homeownership Program aggregating approximately \$50,826,423. Financing for these commitments will be from home-ownership mortgage bonds.

The Governor's Office of Economic Development had construction and other contractual commitments of \$81,412,083. Financing for these future expenditures will be from approved federal grants, bond issuances, from a previous 1% sales tax, an employer's investment in South Dakota's future fee, and general appropriations. These commitments relate to the following funds/programs:

| | |
|--|---------------|
| Revolving Economic Development Initiative (REDI) Fund Grants/Loans | |
| REDI Fund Loans | \$ 14,477,037 |
| Community Development Block Grant (CDBG) | 10,721,530 |
| Future Fund Program | 30,464,134 |
| Energy Program Loans | 730,471 |
| SD Works Committee Approved | 7,223,701 |
| Economic Development Partnership Program | 1,117,110 |
| Local Infrastructure Improvement Program | 1,920,000 |
| Reinvestment Payment Program | 14,438,100 |
| Energy Grants - Federal | 320,000 |

The South Dakota Science and Technology Authority had the following contractual commitments: \$4,482,500 for the installation and maintenance of a deep level pump system at the Homestake Mine, \$3,634,063 for the construction of the Sanford Lab Visitor center, \$733,977 for exhibit designs and fabrication, \$999,334 for the Compact Acceleration System Performing Astrophysical Research project, and \$2,746,300 to design and outfit two additional underground facilities.

The South Dakota Soybean Research and Promotion Council had commitments of \$4,447,000 for projects related to soybean research, promotion, and other various activities aimed at enhancing consumer and producer awareness of soybeans and soybean related issues.

The South Dakota Corn Utilization Council had commitments of \$300,000 annually for 10 years beginning in FY16 to be provided to a foundation.

The South Dakota Wheat Utilization, Research and Market Development Commission had commitments of \$1,425,886 for projects relating to research, promotion, and other various activities aimed at enhancing producer awareness of wheat and wheat related issues.

The South Dakota Board of Regents had construction commitments of \$52,608,003.

12. SELF-INSURANCE

A. Workers' Compensation Benefits and Unemployment Insurance

Various funds accumulate assets to cover risks that the State incurs in its normal operations. The State (rather than an insurance carrier) assumes the risk associated with claims of state employees for unemployment compensation benefits. "Premiums" charged to state funds to cover the costs of claims servicing and claims payments are based on a percentage of wages paid to state employees. Related transactions are accounted for in the State Unemployment Compensation Fund.

The State is self-insured for workers' compensation through the creation of reserves derived from a percentage of wages paid to state employees. This activity is accounted for in an internal service fund. Claims payable for workers' compensation is reported using an actuarial estimate based on historical experience that includes actual claims submitted as well as claims incurred, but not reported. Allocated claim adjustment expenses (those relating to a specific claim) are included in the determination of claims payable. Unallocated claim adjustment expenses are not included. Estimated recoveries on unsettled and/or settled claims reduce claims liability and are considered in the actuarial estimate. The claims liability is funded as claims are paid resulting in an actuarially determined unfunded liability of \$21,291,000 at June 30, 2015. The Workers' Compensation Fund liability at June 30, 2015, and the changes to the liability during fiscal years ended June 30, 2015 and 2014 listed on the following page were as follows (expressed in thousands):

| | <u>FY2015</u> | <u>FY2014</u> |
|--|-------------------------|-------------------------|
| Unpaid claims and claim adjustment expenses at beginning of fiscal year | <u>\$ 24,322</u> | <u>\$ 23,407</u> |
| Incurred claims and claim adjustment expenses | | |
| Provision for insured events of current fiscal year | 4,814 | 4,521 |
| Changes in provision for insured events of prior fiscal years | <u>206</u> | <u>(21)</u> |
| Total incurred claims and claim adjustment expenses | <u>5,020</u> | <u>4,500</u> |
| Payments | | |
| Claims and claim adjustment expenses attributable to insured events of current fiscal year | 986 | 1,042 |
| Claims and claim adjustment expenses attributable to insured events of prior fiscal years | <u>2,405</u> | <u>2,543</u> |
| Total payments | <u>3,391</u> | <u>3,585</u> |
| Unpaid claims and claim adjustment expenses at end of fiscal year | <u>\$ 25,951</u> | <u>\$ 24,322</u> |

B. Health and Life Insurance

The State (rather than an insurance carrier) assumes substantially all risk associated with claims of covered public employees for health insurance and life insurance benefits (an insurance carrier, however, provides claims administration services for health insurance). The health and life insurance programs are accounted for in the Self-Insurance Fund, reported as an internal service fund. "Premiums" are charged to state funds for all covered employees. Employees may purchase varying levels of health and/or life coverage for their spouses and/or dependents. Effective January 1, 2014, the life insurance program switched from being self-insured to a fully insured product. Claims payable for health insurance is reported using an actuarial estimate based on historical experience that includes actual claims submitted as well as claims incurred, but not reported. Allocated claim adjustment expenses are included in the determination of claims payable. Unallocated claim adjustment expenses are not included. Estimated recoveries on unsettled and/or settled claims reduce claims liability and are considered in the actuarial estimate. Claims expenses and liabilities for life insurance are reported using a case-by-case review of claims. Allocated claim adjustment expenses are uncommon and immaterial. Unallocated claim adjustment expenses are not included.

The health and life insurance programs liability at June 30, 2015 and the changes to the liability during fiscal years ended June 30, 2015 and 2014 were as follows (expressed in thousands):

| | Health Insurance | | Life Insurance | |
|--|-------------------------|------------------|-----------------------|---------------|
| | FY2015 | FY2014 | FY2015 | FY2014 |
| Unpaid claims and claim adjustment expenses at beginning of fiscal year | \$ 14,055 | \$ 15,952 | \$ | \$ 647 |
| Incurred claims and claim adjustment expenses | 108,813 | 102,577 | 8 | 1,271 |
| Payments: | | | | |
| Claims and claim adjustment expenses attributable to insured events of current fiscal year | 94,508 | 88,522 | 8 | 1,271 |
| Claims and claim adjustment expenses attributable to insured events of prior fiscal years | 14,055 | 15,952 | | 647 |
| Total payments | 108,563 | 104,474 | 8 | 1,918 |
| Unpaid claims and claim adjustment expenses at end of fiscal year | \$ 14,305 | \$ 14,055 | \$ 0 | \$ 0 |

C. Public Entity Pool for Liability

The State is insured through a Public Entity Pool for Liability Fund (PEPL), reported as an internal service fund. The PEPL Fund covers risks associated with automobile liability and general tort liability (including public officials' errors and omissions liability, medical malpractice liability, law enforcement liability, and products liability).

All funds and agencies of the State participate in the PEPL Fund. The PEPL Fund allocates the cost of providing claims servicing and claims payment by charging a "premium" to each fund and agency based on the number of automobiles titled to each agency (for automobile liability) or approved full-time employees (for general tort liability). The PEPL Fund initially limited claims to \$1,000,000 per occurrence, subject to limitations set forth in SDCL 3-22. The State claimed sovereign immunity for all other tort liabilities. A State Supreme Court opinion allows noneconomic damages against employees of the State while they are performing ministerial acts; therefore, beginning in FY1996, the PEPL Fund coverage document was amended to provide liability coverage for noneconomic damages that are the result of these acts and commercial reinsurance was purchased. In FY2015 the State purchased reinsurance for claims costs over \$500,000 with 100% of the remaining \$500,000. Claims expenses and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred, but not reported, based on historical experience. Allocated claim adjustment expenses are included in the determination of claims payable. Unallocated claim adjustment expenses are not included. Estimated recoveries on unsettled and/or settled claims reduce claims liability and are considered in the actuarial estimate. At the end of fiscal year 2015, \$7,752,228 of the net assets balance in the PEPL Fund was designated for future catastrophic losses.

The PEPL Fund liability at June 30, 2015 and the changes to the liability during fiscal years ended June 30, 2015 and 2014 were as follows (dollars expressed in thousands):

| | FY2015 | FY2014 |
|--|-----------------|-----------------|
| Unpaid claims and claim adjustment expenses at beginning of fiscal year | \$ 5,407 | \$ 5,126 |
| Incurred claims and claim adjustment expenses | | |
| Provision for insured events of current fiscal year | 910 | 923 |
| Changes in provision for insured events of prior fiscal years | (1,532) | 1,115 |
| Total incurred claims and claim adjustment expenses | (622) | 2,038 |
| Payments | | |
| Claims and claim adjustment expenses attributable to insured events of current fiscal year | 236 | 251 |
| Claims and claim adjustment expenses attributable to insured events of prior fiscal year | 701 | 1,506 |
| Total payments | 937 | 1,757 |
| Unpaid claims and claim adjustment expenses at end of fiscal year | \$ 3,848 | \$ 5,407 |

D. Risk Management

The State is commercially insured for boiler insurance, aircraft, and crime bonds through outside insurance companies. Entities participating in these insurance coverages are only billed for premiums applicable to their coverage needs. Prior to April 13, 2015, the State was uninsured for property losses with the exception of all bonded buildings, all higher education facilities and buildings, and certain other revenue-producing buildings that are covered through outside insurance companies. On April 13, 2015, additional insurance was purchased resulting in the majority of all State buildings being covered.

13. OPERATING LEASES

The State of South Dakota has entered into numerous agreements to lease land, buildings, and equipment. Most operating leases contain a provision that the State may renew leases on a year-to-year basis. In most cases, management expects the leases will be renewed or replaced by other leases of a similar nature.

The following schedule is a summary of future minimum rental payments by years required under operating leases with lease terms in excess of one year as of June 30, 2015 (expressed in thousands):

| Year Ending June 30 | Primary Government | Component Units |
|-----------------------------------|-------------------------------|----------------------------|
| 2016 | \$ 7,519 | \$ 3,318 |
| 2017 | 7,152 | 2,279 |
| 2018 | 6,634 | 1,819 |
| 2019 | 6,137 | 1,468 |
| 2020 | 5,488 | 1,396 |
| 2021-2025 | 17,790 | 5,704 |
| 2026-2030 | 5,711 | 206 |
| 2031-2035 | 1,388 | |
| 2036-2040 | 100 | |
| Total Minimum Payments | \$ 57,919 | \$ 16,190 |

The total rental expenses for all operating leases for the fiscal year ended June 30, 2015 was \$11,632,910 for the primary government and \$3,788,841 for component units.

14. LONG-TERM LIABILITIES

Long-term obligations at June 30, 2015, and changes to long-term liabilities during the fiscal year then ended are as follows (expressed in thousands):

| | Beginning Balance | Additions | Deductions | Ending Balance | Due Within One Year |
|---|----------------------|-------------------|---------------------|---------------------|------------------------|
| Governmental Activities * | | | | | |
| Revenue Bonds | \$ 168,757 | \$ 23,818 | \$ (27,407) | \$ 165,168 | \$ 16,125 |
| Add Unamortized Premium | 8,546 | 1,882 | (832) | 9,596 | 795 |
| Net Revenue Bonds | 177,303 | 25,700 | (28,239) | 174,764 | 16,920 |
| Trust Certificates | 880 | | (310) | 570 | 290 |
| Compensated Absences | 56,072 | 39,735 | (37,488) | 58,319 | 30,925 |
| Policy Claims Liability | 5,407 | | (1,559) | 3,848 | 1,361 |
| Workers Compensation | 24,349 | 5,020 | (3,414) | 25,955 | 3,344 |
| Capital Leases, as restated | 114,587 | 6,733 | (4,968) | 116,352 | 5,804 |
| Pollution Remediation Obligation | 14,829 | 250 | (93) | 14,986 | 250 |
| Escheat Property | 24,017 | 19,496 | (15,031) | 28,482 | 5,814 |
| Total Governmental Activities, as restated | \$ 417,444 | \$ 96,934 | \$ (91,102) | \$ 423,276 | \$ 64,708 |
| Business-type Activities | | | | | |
| Revenue Bonds | \$ 195,710 | \$ 59,815 | \$ (12,055) | \$ 243,470 | \$ 14,825 |
| Add Unamortized Premium | 11,738 | 9,602 | (992) | 20,348 | 1,140 |
| Net Revenue Bonds** | 207,448 | 69,417 | (13,047) | 263,818 | 15,965 |
| Other Noncurrent Liabilities | 289 | 886 | (513) | 662 | |
| Compensated Absences | 1,502 | 937 | (835) | 1,604 | 856 |
| Total Business-type Activities | \$ 209,239 | \$ 71,240 | \$ (14,395) | \$ 266,084 | \$ 16,821 |
| Component Units | | | | | |
| Revenue Bonds | \$ 1,691,368 | \$ 298,707 | \$ (421,089) | \$ 1,568,986 | \$ 53,638 |
| Less Unamortized Discount | (258) | 22 | (236) | | 11 |
| Add Unamortized Premium | 25,920 | 15,966 | (5,105) | 36,781 | 1,601 |
| Net Revenue Bonds** | 1,717,030 | 314,695 | (426,194) | 1,605,531 | 55,250 |
| Compensated Absences | 39,169 | 15,098 | (13,701) | 40,566 | 13,270 |
| Capital Leases | 3,515 | 1,791 | (2,229) | 3,077 | 1,477 |
| Rural Development Loans | 2,166 | 248 | (544) | 1,870 | 110 |
| Federal Portion of Perkins Loan Program | 38,192 | 414 | | 38,606 | |
| Advances from Primary Government | 19,129 | 4,838 | (278) | 23,689 | 903 |
| Total Component Units | \$ 1,819,201 | \$ 337,084 | \$ (442,946) | \$ 1,713,339 | \$ 71,010 |

*Governmental Activities Other Long-Term Obligations - The General Fund, special revenue and internal service funds in which the leases are recorded will liquidate the capital lease obligations. The compensated absence liability will be liquidated by the applicable governmental and internal service funds that account for the salaries and wages of the related employees. The workers' compensation and policy claims liabilities will be liquidated by applicable Internal Service funds which will ultimately be billed out to the applicable funds that account for the salaries and wages of the related employees. The pollution remediation obligations will be liquidated by the Petroleum Release Compensation Fund and the Department of Environment and Natural Resources – Other Fund. The escheat property obligation will be liquidated by the State's General Fund.

Revenue Bonds and Trust Certificates

A. Governmental Activities

1. South Dakota Building Authority

The South Dakota Building Authority (SDBA) issues bonds and trust certificates to finance the cost to acquire, construct, remodel, maintain, and equip buildings and other facilities of state departments and institutions. Bonds and certificates of participation are payable from revenues generated through lease agreements between the SDBA and

state departments and institutions. Lease payments for bonds and certificates of participation are paid from the General Fund and other state dedicated fees of state departments, boards, and commissions, and an annuity.

The SDBA sold trust certificates to a trustee bank and assigned the right to receive lease rental payments over to the trustee bank. The principal and interest payments on the certificates are payable solely from amounts payable by the State under lease agreements. The certificates are not an indebtedness of the State within the meaning of any constitutional or statutory debt limit, nor may the certificates be a claim against the property of the SDBA.

The indebtedness or obligations incurred or created by the SDBA may not be or become a lien, charge, or liability against the State of South Dakota. This financial presentation does not change the legal liability of the indebtedness.

Following are SDBA bonds and trust certificates outstanding at June 30, 2015 (dollars expressed in thousands):

| Bond Series: | Maturity Through | Interest Rates | Amount |
|---------------------------------|-----------------------------|---------------------------|------------------|
| 1996A | 2016 | 5.900% - 5.950% | \$ 2,696 |
| 2003 | 2015 | 4.125% | 29 |
| 2006A | 2026 | 4.250% - 5.000% | 920 |
| 2008 | 2034 | 4.250% - 5.000% | 1,630 |
| 2010B | 2035 | 3.150% - 6.200% | 4,780 |
| 2010C | 2031 | 3.700% - 5.850% | 3,335 |
| 2010D | 2019 | 2.500% - 3.250% | 448 |
| 2013D | 2038 | 1.109% - 5.769% | 4,320 |
| 2014A | 2029 | 4.000% - 5.000% | 1,800 |
| 2014D | 2026 | 4.500% - 5.000% | 6,179 |
| 2014E | 2027 | 4.500% | 3,906 |
| 2015A | 2030 | .700% - 4.013% | 11,500 |
| Add Unamortized Premium | | | 2,025 |
| Total Bonds | | | 43,568 |
| Trust Certificate Series: | | | |
| 1991A | 2016 | 6.750000% | 570 |
| Total Trust Certificates | | | 570 |
| Total | | | \$ 44,138 |

As of June 30, 2015, debt service requirements for principal and interest for the SDBA were as follows (expressed in thousands):

| Year Ended June 30 | Principal | Interest | Total |
|-------------------------------|------------------|------------------|------------------|
| 2016 | \$ 3,880 | \$ 4,724 | \$ 8,604 |
| 2017 | 3,648 | 4,388 | 8,036 |
| 2018 | 2,212 | 1,534 | 3,747 |
| 2019 | 2,257 | 1,459 | 3,716 |
| 2020 | 2,335 | 1,375 | 3,709 |
| 2021 - 2025 | 12,684 | 5,409 | 18,093 |
| 2026 - 2030 | 11,252 | 2,522 | 13,774 |
| 2031 - 2035 | 2,960 | 756 | 3,716 |
| 2036 - 2040 | 885 | 104 | 989 |
| Total | \$ 42,113 | \$ 22,271 | \$ 64,384 |

2. Educational Enhancement Funding Corporation

During the 2001 Legislative session, the Legislature authorized the South Dakota Building Authority to provide for the establishment of a corporation for the purpose of selling a portion or all of the State's rights, title and interest in the proceeds of the tobacco companies master settlement agreement. On July 26, 2002, the Educational Enhancement Funding Corporation was created pursuant to South Dakota Codified Law 5-12-48 through 5-12-60. The State of South Dakota gave up its rights to any proceeds of the tobacco companies master settlement agreement while the bonds are outstanding, or over the term of the bonds, whichever is shorter.

Following are Educational Enhancement Funding Corporation bonds outstanding at June 30, 2015 (dollars expressed in thousands):

| <u>Bond Series:</u> | <u>Maturity Through</u> | <u>Interest Rates</u> | <u>Amount</u> |
|-------------------------|-------------------------|-----------------------|-------------------|
| 2013A | 2022 | 1.551% - 3.539% | \$ 76,990 |
| 2013B | 2027 | 5.00% | 46,635 |
| Add Unamortized Premium | | | 7,571 |
| Total | | | \$ 131,196 |

As of June 30, 2015, debt service requirements for principal and interest for the Educational Enhancement Funding Corporation were as follows (expressed in thousands):

| <u>Year Ended</u> <u>June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-------------------------------------|-------------------|------------------|-------------------|
| 2016 | \$ 12,535 | \$ 4,453 | \$ 16,988 |
| 2017 | 11,935 | 4,259 | 16,194 |
| 2018 | 11,500 | 4,031 | 15,531 |
| 2019 | 10,900 | 3,783 | 14,683 |
| 2020 | 10,600 | 3,398 | 13,998 |
| 2021-2025 | 49,260 | 11,184 | 60,444 |
| 2026-2027 | 16,895 | 1,197 | 18,092 |
| Total | \$ 123,625 | \$ 32,305 | \$ 155,930 |

B. Business-type Activities

South Dakota Conservancy District - State Revolving Funds

The South Dakota Conservancy District issued tax-exempt revenue bonds for the Clean Water State Revolving Fund (CWSRF) and for the Drinking Water State Revolving Fund (DWSRF). The SRF's provide low interest loans or other types of financial assistance to political units for the construction of publicly-owned wastewater treatment facilities, implementation of nonpoint source management programs, development and implementation of plans under the Estuary Protection Program, and construction and maintenance of drinking water facilities. To date, the programs have been used to make loans and refinance existing debt with a maximum of twenty years for repayment. Loans for the DWSRF can be made for 30 years, if the funds are for a disadvantaged community.

The South Dakota Conservancy District bonds do not constitute a debt or liability of the State of South Dakota, or a pledge of the faith and credit of the State. This financial presentation does not change the legal liability of the indebtedness.

The following is a schedule of outstanding bonds as of June 30, 2015 (dollars expressed in thousands):

| Bond Series | Maturity Through | Interest Rates | Amount |
|--|-------------------------|-----------------------|-------------------|
| Clean Water State Revolving Fund | | | |
| 1996A | 2017 | 5.625% | \$ 100 |
| 2010AB | 2030-2031 | 4.084%-5.646% | 47,340 |
| 2012AB | 2027-2033 | .25%-5.00% | 79,200 |
| 2014AB | 2020-2035 | .30%-5.00% | 48,860 |
| Add Unamortized Premium | | | 17,588 |
| Total | | | 193,088 |
| Drinking Water State Revolving Fund | | | |
| 2010AB | 2030-2031 | 2.00%-5.646% | 30,000 |
| 2012AB | 2023-2027 | .25%-5.00% | 27,015 |
| 2014AB | 2020-2035 | .30%-5.00% | 10,955 |
| Add Unamortized Premium | | | 2,759 |
| Total | | | 70,729 |
| Total Revenue Bonds | | | \$ 263,817 |

As of June 30, 2015, debt service requirements for principal and interest for the CWSRF and the DWSRF were as follows (expressed in thousands):

| Year Ended June 30 | Principal | Interest | Total |
|--|-------------------|------------------|-------------------|
| Clean Water State Revolving Fund | | | |
| 2016 | \$ 9,290 | \$ 7,187 | \$ 16,477 |
| 2017 | 9,875 | 6,932 | 16,807 |
| 2018 | 10,125 | 6,641 | 16,766 |
| 2019 | 10,255 | 6,310 | 16,565 |
| 2020 | 9,585 | 5,972 | 15,557 |
| 2021-2025 | 51,135 | 24,125 | 75,260 |
| 2026-2030 | 47,650 | 12,412 | 60,062 |
| 2031-2035 | 27,585 | 2,860 | 30,445 |
| Total | 175,500 | 72,439 | 247,939 |
| Drinking Water State Revolving Fund | | | |
| 2016 | 5,535 | 2,307 | 7,842 |
| 2017 | 5,925 | 2,174 | 8,099 |
| 2018 | 6,075 | 2,023 | 8,098 |
| 2019 | 6,255 | 1,854 | 8,109 |
| 2020 | 5,850 | 1,685 | 7,535 |
| 2021-2025 | 22,115 | 6,174 | 28,289 |
| 2026-2030 | 13,275 | 2,498 | 15,773 |
| 2031-2035 | 2,940 | 292 | 3,232 |
| Total | 67,970 | 19,007 | 86,977 |
| Total | \$ 243,470 | \$ 91,446 | \$ 334,916 |

C. Component Units

1. South Dakota Housing Development Authority

The South Dakota Housing Development Authority (SDHDA) provides mortgage financing for construction, rehabilitation, and purchase of residential housing and assists in coordinating with federal, state, regional, and local public and private efforts with statewide housing planning. The SDHDA issues negotiable notes and bonds in amounts

authorized by the Governor of South Dakota. Notes and bonds of the SDHDA do not constitute a debt or liability of the State of South Dakota, or a pledge of the faith and credit of the State. These notes and bonds are payable solely from the revenues or assets of the SDHDA.

Following is a schedule of bonds, consolidated by category, outstanding at June 30, 2015 (dollars expressed in thousands):

| | <u>Maturity Through</u> | <u>Interest Rates</u> | <u>Amount</u> |
|---|-----------------------------|---------------------------|----------------------------|
| Home-Ownership Mortgage Program | 2015-2045 | .06%-6.25% | |
| Serial Bonds | | | \$ 241,985 |
| Term Bonds | | | 546,281 |
| Add Unamortized Premium | | | 9,440 |
| Total | | | <u>797,706</u> |
| Single Family Mortgage Revenue Bonds | 2015-2041 | 1.50%-5.00% | |
| Serial Bonds | | | 40,150 |
| Term Bonds | | | 181,415 |
| Add Unamortized Premium | | | 1,134 |
| Total | | | <u>222,699</u> |
| Multiple Purpose Bonds | 2015-2048 | .15%-3.65% | |
| Serial Bonds | | | 8,010 |
| Term Bonds | | | 15,200 |
| Total | | | <u>23,210</u> |
| Multifamily Housing Revenue Bonds | | | |
| Term Bonds | 2015-2044 | .08%-6.15% | <u>29,102</u> |
| Multifamily Risk Sharing Bonds | | | |
| Term Bonds | 2015-2043 | 5.35%-5.85% | <u>12,365</u> |
| Total Bonds | | | <u>\$ 1,085,082</u> |

As of June 30, 2015, debt service requirements for principal and interest for the SDHDA were as follows (expressed in thousands):

| <u>Year Ended June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-------------------------------|----------------------------|--------------------------|----------------------------|
| 2016 | \$ 33,520 | \$ 34,424 | \$ 67,944 |
| 2017 | 48,045 | 33,428 | 81,473 |
| 2018 | 46,285 | 32,217 | 78,502 |
| 2019 | 46,301 | 30,877 | 77,178 |
| 2020 | 36,972 | 29,527 | 66,499 |
| 2021-2025 | 167,617 | 131,067 | 298,684 |
| 2026-2030 | 174,374 | 103,379 | 277,753 |
| 2031-2035 | 230,769 | 66,421 | 297,190 |
| 2036-2040 | 162,645 | 30,621 | 193,266 |
| 2041-2045 | 95,511 | 8,904 | 104,415 |
| 2046-2050 | 32,470 | 73 | 32,543 |
| Total | <u>\$ 1,074,509</u> | <u>\$ 500,938</u> | <u>\$ 1,575,447</u> |

2. South Dakota Economic Development Finance Authority

The South Dakota Economic Development Finance Authority (EDFA) was established for the purpose of making loans to businesses for the acquisition and/or construction of land, buildings, machinery and equipment to spawn economic growth. The EDFA is authorized by South Dakota Codified Law to provide sufficient funds for achieving any of its corporate purposes. The total outstanding amount of such notes and bonds shall not exceed \$300 million at any time. No obligation issued by the EDFA shall constitute debt or liability or obligation of the State of South Dakota, or any political subdivision or a pledge of the faith and credit of the State or any political subdivision.

The EDFA issues pooled and stand-alone bond issues. A pooled bond issue is secured by the EDFA's Capital Reserve Account. A stand-alone issue is based solely on the credit of the borrower and the EDFA acts only as a conduit to the financing. Therefore, the debt is not included in the accompanying financial statements.

The pooled bond issues require amounts to be deposited into the Capital Reserve Account. The money on deposit in the Capital Reserve Account is irrevocably pledged to the payment of all outstanding bonds and interest only when and to the extent that other monies are not available. The amount on deposit in the Capital Reserve Account must be equal to 12.5% of the related bond principal outstanding. Amounts in excess of the reserve requirements may be transferred to any state fund to be used for other purposes. At June 30, 2015, the balance in the Capital Reserve Account was \$5,000,000 and the reserve requirement was \$1,911,250.

The following is a schedule of outstanding bonds as of June 30, 2015 (dollars expressed in thousands):

| Bond Series | Maturity Through | Interest Rates | Amount |
|--------------------|-----------------------------|---------------------------|------------------|
| 2008 | 2015-2028 | 4.85%-5.875% | \$ 5,795 |
| 2013A | 2021-2033 | 1.00%-5.80% | 9,495 |
| Total | | | \$ 15,290 |

As of June 30, 2015, debt service requirements for principal and interest for the EDFA were as follows (expressed in thousands):

| Year Ended June 30 | Principal | Interest | Total |
|-------------------------------|------------------|-----------------|------------------|
| 2016 | \$ 685 | \$ 807 | \$ 1,492 |
| 2017 | 710 | 782 | 1,492 |
| 2018 | 730 | 757 | 1,487 |
| 2019 | 760 | 728 | 1,488 |
| 2020 | 795 | 694 | 1,489 |
| 2021-2025 | 4,605 | 2,839 | 7,444 |
| 2026-2030 | 4,750 | 1,405 | 6,155 |
| 2031-2033 | 2,255 | 267 | 2,522 |
| Total | \$ 15,290 | \$ 8,279 | \$ 23,569 |

3. Higher Education

a. Higher Education Facilities

Revenue bonds were issued for the purpose of constructing buildings. The bonds are payable only from and secured by a pledge of net revenues of the University Housing and Auxiliary Facilities System. Net revenue is defined as gross revenue, less reasonable and necessary costs of currently maintaining, repairing, insuring, and operating the University Housing and Auxiliary Facilities System. Total net revenue pledges for fiscal year 2015 equaled \$31,690,262.

Following are revenue bonds outstanding at June 30, 2015 (dollars expressed in thousands):

| Bond Series | Maturity Through | Interest Rates | Amount |
|---------------------------------------|-----------------------------|---------------------------|-------------------------|
| School of Mines and Technology | | | |
| 2008 | 2028 | 4.550% | \$ 3,185 |
| 2009 | 2039 | 2.150%-6.250% | 9,030 |
| 2014A | 2039 | 3.000%-5.000% | 6,665 |
| 2014B | 2029 | 5.000% | 6,115 |
| Less Unamortized Discount | | | (19) |
| Add Unamortized Premium | | | 1,093 |
| University of South Dakota | | | |
| 2005A | 2030 | 4.000%-5.000% | 9,725 |
| 2009 | 2039 | 2.150%-6.250% | 39,515 |
| 2013 | 2028 | 2.000%-5.000% | 10,780 |
| Less Unamortized Discount | | | (166) |
| Add Unamortized Premium | | | 1,019 |
| South Dakota State University | | | |
| 2005A | 2030 | 4.000%-5.000% | 2,220 |
| 2006 | 2060 | 3.920% | 5,155 |
| 2009 | 2039 | 2.150%-6.250% | 28,380 |
| 2011 | 2031 | 2.000%-5.000% | 54,645 |
| 2014A | 2025 | 3.000%-5.000% | 21,410 |
| Less Unamortized Discount | | | (59) |
| Add Unamortized Premium | | | 4,851 |
| Northern State University | | | |
| 2008 | 2038 | 4.550% | 845 |
| 2009 | 2039 | 2.150%-6.250% | 1,185 |
| 2011 | 2031 | 2.000%-5.000% | 5,340 |
| 2014B | 2029 | 5.000% | 3,510 |
| Less Unamortized Discount | | | (3) |
| Add Unamortized Premium | | | 781 |
| Dakota State University | | | |
| 2007 | 2029 | 3.760% | 300 |
| 2008 | 2028 | 3.760% | 3,490 |
| 2014B | 2029 | 5.000% | 1,540 |
| Add Unamortized Premium | | | 234 |
| Black Hills State University | | | |
| 2006 | 2026 | 3.920% | 845 |
| 2007 | 2029 | 3.880% | 6,325 |
| 2014A | 2039 | 3.000%-5.000% | 9,820 |
| 2014B | 2029 | 5.000% | 1,675 |
| Add Unamortized Premium | | | 706 |
| Total | | | <u>\$240,137</u> |

As of June 30, 2015, debt service requirements for principal and interest were as follows (expressed in thousands):

| Year Ended June 30 | Principal | Interest | Total |
|-------------------------------|-------------------|-------------------|-------------------|
| 2016 | \$ 9,795 | \$ 10,659 | \$ 20,454 |
| 2017 | 10,210 | 10,285 | 20,495 |
| 2018 | 10,605 | 9,870 | 20,475 |
| 2019 | 11,020 | 9,414 | 20,434 |
| 2020 | 11,475 | 8,924 | 20,399 |
| 2021-2025 | 64,780 | 35,841 | 100,621 |
| 2026-2030 | 54,490 | 21,240 | 75,730 |
| 2031-2035 | 44,725 | 8,937 | 53,662 |
| 2036-2040 | 14,600 | 1,275 | 15,875 |
| Total | \$ 231,700 | \$ 116,445 | \$ 348,145 |

b. South Dakota Building Authority (Higher Education Portion)

The South Dakota Building Authority issues bonds and trust certificates to finance the cost to acquire, construct, remodel, maintain, and equip buildings and other facilities for Higher Education institutions. Lease payments are made from tuition and fees paid by students. The obligations incurred or created by the South Dakota Building Authority may not be a lien, charge, or liability against the State of South Dakota.

Following is a schedule of bonds outstanding at June 30, 2015 (dollars expressed in thousands):

| Bond Series | Maturity Through | Interest Rates | Amount |
|----------------------------|-----------------------------|---------------------------|-------------------|
| Revenue Bonds | | | |
| 2003 | 2015 | 4.125% | \$ 336 |
| 2006A | 2016 | 4.250%-5.000% | 185 |
| 2008 | 2033 | 4.250%-5.000% | 33,540 |
| 2009 | 2034 | 5.250%-6.760% | 11,265 |
| 2010A | 2027 | 3.150%-5.650% | 8,435 |
| 2010B | 2035 | 5.800%-6.200% | 8,970 |
| 2010D | 2019 | 2.500%-3.250% | 147 |
| 2011 | 2026 | 3.000%-5.000% | 10,160 |
| 2011A | 2026 | 3.000%-5.000% | 6,500 |
| 2012A | 2028 | 1.500%-5.000% | 8,305 |
| 2013B | 2038 | 4.000%-5.000% | 67,340 |
| 2013C | 2018 | 1.109%-2.197% | 6,685 |
| 2014A | 2039 | 4.000%-5.000% | 33,910 |
| 2014B | 2029 | 5.00% | 5,250 |
| 2014C | 2020 | 1.000%-2.400% | 6,820 |
| 2014D | 2026 | 4.500%-5.000% | 1,236 |
| 2014E | 2032 | 4.500%-5.000% | 30,004 |
| 2014F | 2032 | 4.500%-5.000% | 8,400 |
| Add Unamortized Premium | | | 17,524 |
| Total Revenue Bonds | | | \$ 265,013 |

As of June 30, 2015, debt service requirements for principal and interest for the South Dakota Building Authority (Higher Education portion) were as follows (expressed in thousands):

| Year Ended June 30 | Principal | Interest | Total |
|-------------------------------|-------------------|-------------------|-------------------|
| 2016 | \$ 9,638 | \$ 11,557 | \$ 21,195 |
| 2017 | 10,380 | 11,290 | 21,670 |
| 2018 | 10,668 | 10,967 | 21,635 |
| 2019 | 10,908 | 10,603 | 21,511 |
| 2020 | 11,350 | 10,131 | 21,481 |
| 2021-2025 | 61,131 | 42,576 | 103,707 |
| 2026-2030 | 63,688 | 27,262 | 90,950 |
| 2031-2035 | 49,975 | 11,821 | 61,796 |
| 2036-2040 | 19,750 | 2,243 | 21,993 |
| Total | \$ 247,489 | \$ 138,449 | \$ 385,938 |

Capital Leases

The State has entered into various agreements to lease buildings, vehicles, and equipment. GASB standards require a lease that transfers substantially all of the benefits and risks of ownership to the lessee be accounted for as the acquisition of a fixed asset and the incurrence of an obligation by the lessee (a capital lease).

Capital lease obligations are recorded as liabilities in the Government-wide and proprietary fund financial statements.

The following schedule is a summary of the future minimum lease payments under capital leases, together with the present value of the net minimum lease payments as of June 30, 2015 (expressed in thousands):

| Fiscal Year Ending June 30 | Governmental Activities | Component Units |
|--|------------------------------------|----------------------------|
| 2016 | \$ 11,038 | \$ 1,628 |
| 2017 | 10,962 | 758 |
| 2018 | 10,587 | 580 |
| 2019 | 9,517 | 357 |
| 2020 | 8,387 | |
| 2021-2025 | 35,252 | |
| 2026-2030 | 33,889 | |
| 2031-2035 | 32,713 | |
| 2036-2040 | 30,548 | |
| 2041-2045 | 17,442 | |
| 2046-2049 | 7,992 | |
| Total Minimum Lease Payments | 208,327 | 3,323 |
| Less: Amount Representing Interest | 91,975 | 246 |
| Present Value of Net Minimum Lease Payments | \$ 116,352 | \$ 3,077 |

The historical cost and depreciation of assets acquired under capital leases and included in capital assets on the Government-wide financial statements at June 30, 2015 are as follows (expressed in thousands):

| | Governmental Activities |
|--------------------------------|------------------------------------|
| Buildings | \$ 112,276 |
| Equipment | 3,803 |
| Vehicles | 17,933 |
| Total | 134,012 |
| Less: Accumulated Depreciation | 23,020 |
| Total, Net | \$ 110,992 |

Conduit Debt Obligations

Conduit debt obligations are certain limited-obligation revenue bonds, certificates of participation, or similar debt instruments issued by state government for the express purpose of providing capital financing for a specific third party that is not a part of the issuer's financial reporting entity. The State has no obligation for such debt beyond the resources provided by a lease or loan with the third party on whose behalf they are issued and the debt is not included in the accompanying financial statements.

1. South Dakota Value Added Finance Authority

The South Dakota Value Added Finance Authority provides low interest financing to agricultural enterprises in the State of South Dakota. The loans can be used to acquire agricultural property. The Authority is authorized to issue federal tax-exempt bonds. The bond proceeds are lent to qualifying applicants. The applicant assumes the bond payment obligation to the bond purchaser in the form of a loan with the third party bond purchaser.

As of June 30, 2015, there were 127 Beginning Farmer Bond Program series Revenue Bonds outstanding. The aggregate principal amount payable on June 30, 2015 could not be determined; however, the original issue amount totaled \$22,747,254.

As of June 30, 2015, there were 6 Agribusiness Bonding Program series Revenue Bonds outstanding. The aggregate principal amount payable on June 30, 2015 could not be determined; however, the original issue amount totaled \$8,917,500.

As of June 30, 2015, there were 19 Livestock Nutrient Management Bond Program series Revenue Bonds outstanding. The aggregate principal amount payable on June 30, 2015 could not be determined; however, the original issue amount totaled \$14,303,490.

As part of the American Recovery and Reinvestment Act, the South Dakota Value Added Finance Authority issued 3 recovery zone bonds in state fiscal year 2011. The outstanding balance at June 30, 2015 could not be determined; however, the original issue amount totaled \$24,750,000.

2. South Dakota Economic Development Finance Authority

The Authority issues tax-exempt debt for the purpose of financing a company's acquisition and construction of land, buildings, machinery, and equipment to spawn economic growth. The bonds are special obligations of the Authority to which the payments paid by the company pursuant to a loan agreement have been and are hereby irrevocably pledged.

As of June 30, 2015, the aggregate amount of stand-alone bond principal outstanding was \$11,277,926. The original issue amount of stand-alone bonds totaled \$25,740,000.

Refunded and Defeased Bonds

1. South Dakota Housing Development Authority

In fiscal year 2015, The South Dakota Housing Development Authority issued \$167,270,000 of fixed rate Homeownership Mortgage Bonds. Of that amount, \$20,000,000 was used to finance the Homeownership Mortgage Loan Program, and \$147,270,000 was used to refund existing bonds.

2. South Dakota Board of Regents

In September 2014, the South Dakota Board of Regents (SDBOR) issued \$13,760,000 in Revenue Bonds Series 2014B to refund the remaining Series 2003 and Series 2004A bonds. The refunding portion with an average interest rate of 4.91 percent was used to refund \$6,215,000 of outstanding South Dakota School of Mines and Technology (SDSMT) Series 2003 Bonds with an average interest rate of 5.24 percent, \$2,305,000 of outstanding Black Hills State University (BHSU) Series 2004A Bonds with an average interest rate of 4.95 percent, \$4,620,000 of outstanding Northern State University (NSU) Series 2004A Bonds with an average interest rate of 4.91 percent, and \$2,120,000 of outstanding Dakota State University (DSU) Series 2004A Bonds with an average interest rate of 4.97 percent. The purpose of the refunding was to reduce the SDBOR borrowing cost on debt that was optionally redeemable at par, which decreased total debt service payments by \$2,746,580. This resulted in a present value savings on the SDSMT bonds of \$1,023,178, the BHSU bonds of \$311,482, the NSU bonds of \$637,887, and on the DSU bonds of \$279,961. The net refunding portion of \$14,639,609 (after payment of \$208,285 in underwriting fees and other issuance costs) in addition to \$288,128 from BHSU, \$446,873 from NSU, and \$257,178 from DSU accounts were deposited in trust with an escrow agent to provide for the current refunding of the Series 2003 and Series 2004A bonds.

3. South Dakota Building Authority

On August 28, 2014, the South Dakota Building Authority issued \$12,430,000 in Revenue Bonds Series 2014B and Series 2014C to refund the Series 2005C bonds. The refunding portion with an average interest rate of 4.05 percent was used to refund \$11,835,000 of outstanding Series 2005C bonds with an average interest rate of 4.50 percent. The net proceeds of the refunding portion of \$12,647,649 were deposited in an irrevocable trust with an escrow agent to provide for all the future debt service payments on the refunded Series 2005C bonds (after payment of \$124,274 in underwriting fees and other issuance costs and transfer of \$718,061 in savings to the State General Fund). As a result, the refunded Series 2005C bonds are considered to be defeased and the liability for those bonds has been removed from the Statement of Net Position.

The advanced refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$645,907. This difference is being charged to operations through fiscal year 2030 using the effective-interest method. The Authority completed the advanced refunding for a net economic gain of \$31,008. The difference between the cash flows of the refunded bonds and the refunding bonds is a \$40,924 reduction in debt service payments, the actual cash amount realized was \$718,061.

On December 3, 2014, the Authority issued \$7,505,000 in Revenue Bonds Series 2014D to refund a portion of the Series 2006A bonds. The refunding portion with an average interest rate of 4.90 percent was used to refund \$7,410,000 of outstanding Series 2006A bonds with an average interest rate of 4.95 percent. The net proceeds of the refunding portion of \$8,070,764 were deposited in an irrevocable trust with an escrow agent to provide for all the future debt service payments on the refunded Series 2006A bonds (after payment of \$71,373 in underwriting fees and other issuance costs and transfer of \$625,432 in savings to the State General Fund). As a result, the refunded Series 2006A bonds are considered to be defeased and the liability for those bonds has been removed from the Statement of Net Position.

The advanced refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$465,935. This difference is being charged to operations through fiscal year 2027 using the effective-interest method. The Authority completed the advanced refunding for a net economic gain of \$20,989. The difference between the cash flows of the refunded bonds and the refunding bonds is a \$23,612 reduction in debt service payments, the actual cash amount realized was \$625,432.

On December 3, 2014 the Authority issued \$44,240,000 in Revenue Bonds Series 2014E and Series 2014F to refund the Series 2007 bonds. The refunding portion with an average interest rate of 4.74 percent was used to refund \$44,675,000 of outstanding Series 2007 bonds with an average interest rate of 4.74 percent. The net proceeds of the refunding portion of \$48,621,144 were deposited in an irrevocable trust with an escrow agent to provide for all the future debt service payments on the refunded Series 2007 bonds (after payment of \$412,624 in underwriting fees and other issuance costs and transfer of \$565,260 in savings to the State General Fund). As a result, the refunded Series 2007 bonds are considered to be defeased and the liability for those bonds has been removed from the Statement of Net Position.

The advanced refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$3,849,539. This difference is being charged to operations through fiscal year 2032 using the effective-interest method. The Authority completed the advanced refunding for a net economic gain of \$33,075. The difference between the cash flows of the refunded bonds and the refunding bonds is a \$44,204 reduction in debt service payments, the actual cash amount realized was \$565,260.

Pollution Remediation Obligations

The State has pollutions remediation obligation liabilities as of June 30, 2015 of \$14,985,626.

1. Gilt Edge Superfund Site

The State of South Dakota, acting through the Department of Environment and Natural Resources, has contracted with the United States Environmental Protection Agency for participation in the reclamation and remediation of the former Brohm Mine, the Gilt Edge Superfund Site in Lawrence County. The EPA's current estimate of total cleanup cost is \$176 million. The State is required by law to pay 10% of the total costs of reclamation and remediation of the site or \$17.6 million. The State has already spent approximately \$6.1 million with a remaining outstanding liability as of June 30, 2015 of \$11,450,026. The State's contribution to the costs of reclamation and remediation will come from the Regulated Response Fund, which has a cash balance of \$2.6 million, but will grow with future penalties collected for environmental violations deposited into the fund and interest earned on the cash deposit. After reclamation is completed, and after a holding period by the United States, the State will take control of the site and use the reclamation bond to pay 100% of the ongoing water treatment costs. The State had a cash balance of approximately \$8.0 million from the cash reclamation bond deposited by Brohm and \$8.6 million in a cash settlement as of June 30, 2015. However, actual costs incurred when the State takes control of the site cannot be anticipated at this time because the final cleanup action has not been determined yet.

2. Petroleum Release Compensation Fund

The Petroleum Release Compensation Fund (PRCF) provides reimbursement for remediation of sites where a petroleum release has occurred. This fund and the requirement that the State provide reimbursement were established under SDCL 34A-13. As of June 30, 2015, PRCF was currently involved with 37 active cases, 31 active/monitoring cases, and 7 pending cases (spill report not yet filed), for a total of 75 cases. The estimated cost remaining for sites that have received at least one payment is \$335,600, the estimated cost for sites that haven't received any payments is \$2,600,000 and the estimated cost for the Abandoned Tank Removal Program is \$600,000. The total liability as of June 30, 2015 for this program is \$3,535,600. The cash balance in the PRCF on June 30, 2015 is \$4,749,291.

15. FUNCTIONAL DISTRIBUTION OF HIGHER EDUCATION OPERATING EXPENSES

The operating expenses on the Statement of Revenues, Expenses, and Changes in Net Position are presented in natural classifications. The following table presents those same expenses in functional classifications for Higher Education (excluding Foundations) as of June 30, 2015 as recommended by NACUBO (expressed in thousands):

| Function | Personal | | | Supplies & Non- | | Interest & | | Total |
|---------------------------------|-------------------|------------------|-------------------|--------------------------|-----------------------|-------------------|------------------|-------------------|
| | Services | Travel | Contractual | Capitalized Equipment | Grants & Subsidies | Other Expenses | Depreciation | |
| Instruction | \$ 171,483 | \$ 3,839 | \$ 15,885 | \$ 9,276 | \$ 958 | | \$ 4,152 | \$ 205,593 |
| Research | 39,918 | 2,910 | 7,463 | 8,786 | 8,571 | 1 | 4,801 | 72,450 |
| Public Service | 25,512 | 1,199 | 5,302 | 4,273 | 1,652 | | 197 | 38,135 |
| Academic Support | 39,179 | 976 | 6,775 | 7,211 | 21 | 116 | 1,801 | 56,079 |
| Student Services | 33,218 | 6,616 | 7,420 | 5,470 | 186 | | 962 | 53,872 |
| Institutional Support | 42,491 | 1,027 | 20,696 | 2,915 | 1,649 | 661 | 943 | 70,382 |
| O&M of Plant | 20,910 | 240 | 13,923 | 6,412 | 2 | | 30,646 | 72,133 |
| Scholarships and Fellowships | 1,131 | 30 | 19 | 249 | 23,172 | 177 | | 24,778 |
| Auxiliary Enterprises | 11,042 | 108 | 33,626 | 11,377 | 293 | | 1,507 | 57,953 |
| Other | | | | | | 304 | 622 | 926 |
| Total | \$ 384,884 | \$ 16,945 | \$ 111,109 | \$ 55,969 | \$ 36,504 | \$ 1,259 | \$ 45,631 | \$ 652,301 |

16. VOCATIONAL TECHNICAL INSTITUTES

The State primary government has an ongoing financial responsibility for the funding of four technical institutes in the State. The technical institutes are considered part of the local school districts in the district where they are located. By law, the State may adopt rules governing the operation of the technical institutes including curriculum, tuition payments and other charges, and plans for construction or renovation of facilities. During fiscal year 2015, the State provided \$20,075,000 in General Fund state aid payments to the technical institutes.

Construction and renovation of facilities is funded with proceeds from debt issued by the Health and Education Facilities Authority. The Health and Educational Facilities Authority was created as a public instrumentality of the State to provide tax-exempt revenue bonds, notes, or other obligations on behalf of nonprofit health and educational institutions within the State. Although the State primary government appoints a voting majority of the board, the State's accountability for this organization does not extend beyond making the appointments and is considered a related organization of the State.

The State enters into lease purchase agreements with the Health and Educational Facilities Authority and sub-leases the facilities to the school districts. The State makes lease payments to the Health and Educational Facilities Authority from a combination of General Fund appropriations, interest earnings from a special revenue fund and from student facility fees collected by the technical institutes and remitted to the State. Upon completion of payments under the lease agreements, titles to the facilities pass to the State. The sub-lease agreements with the school districts are then extended annually as long as the school districts pay the State \$100 per year and continue to use the facilities for postsecondary vocational education. Facilities constructed or renovated and the lease purchase agreements between the State and the Health and Educational Facilities Authority are reported under the governmental activities column in the Government-wide Statement of Net Position.

17. RELATED PARTY TRANSACTIONS

The South Dakota Development Corporation (SDDC) is a South Dakota non-profit corporation and a Certified Development Company created for the purpose of administering the U.S. Small Business Administration's (SBA) 503/504 loan programs and the Microloan Program. The Microloan Program is formed as a partnership between the SDDC and the GOED. GOED has agreed to provide certain staff services and related support of the SBA 504 loans and Microloan Program loans made by SDDC. GOED provides these services out of GOED funds. The purpose of the SBA's 504 loan program and the Microloan program is to help facilitate economic development and the creation of jobs in South Dakota. These loans are used to assist companies either operating in the State or moving to the State. Businesses use the loan funds to expand their operations, improve their facilities, or set up operations in South Dakota. The 504 loans awarded during FY2015 were \$9,875,900. Funding for these loans came from the SBA. In addition, the SDDC has approved loans totaling \$838,173 for the Microloan Program as of June 30, 2015.

The following transactions occurred between discretely presented component units and between the State and discretely presented component units.

The South Dakota Housing Development Authority (SDHDA) was created in 1973 by an Act of the South Dakota Legislature as a body politic and corporate, and an independent public instrumentality for the purpose of encouraging the investment of private capital for the construction and rehabilitation of residential housing to meet the needs of persons and families in the state. SDHDA has a note receivable of \$1,620,404 from the South Dakota Ellsworth Development Finance Authority (SDEDF), another component unit of the State of South Dakota. The note receivable is based on funding through the Neighborhood Stabilization Program (NSP) which is a non-interest bearing note that will be forgiven in 2033 if restrictive covenants related to providing low income housing are maintained for the 20 year duration.

The South Dakota Science and Technology Authority (SDSTA) was created and organized by Chapter 1-16H of the South Dakota Codified Laws. The purposes of SDSTA are to foster and facilitate scientific and technology, investigation, experimentation, and development by creating a mechanism through which laboratory, experimental and development facilities may be acquired and operated. SDSTA has various agreements with the other State component units and agencies that include:

The SDSTA received a \$2.0 million Future Fund grant from the State to remodel the Jonas Hall located on the campus of Black Hills State University.

A contract with the South Dakota School of Mines and Technology to be the lead institution for the accelerator project known as Compact Acceleration System Performing Astrophysical Research (CASPAR) for \$999,334 and extends into fiscal year 2016.

An agreement with the Governor's Office of Economic Development (GOED) whereby the State is granting up to \$6,000,000 between July 14, 2015 and September 30, 2018. The State has chosen to engage in a public-private partnership with SDSTA, the South Dakota Community Foundation and other private foundations to assist with the costs of infrastructure and laboratory upgrades, procurement of xenon for experiments, and interest payments.

The South Dakota Ellsworth Development Authority (SDEDA) was created by Chapter 1-16J of the South Dakota Codified Laws for the purpose of protecting and promoting the economic impact of Ellsworth Air Force Base and associated industry, and to promote the health and safety of those living or working near the base. At June 30, 2015, the SDEDA has loans payable to the State Department of Environment and Natural Resources for \$1,413,421 and to the Clean Water State Revolving Fund for \$22,275,837. Proceeds from the loans provided financing for the construction of the waste water treatment plant. SDEDA has pledged future user charges as security under various loan agreements.

18. SUBSEQUENT EVENTS

Board of Regents

On July 8, 2015, the South Dakota Building Authority issued the \$10,880,000 Series 2015B Tax-Exempt Revenue Bonds to finance the Information System Building at Dakota State University and to finance the renovation of the Chemical and Biological Engineering and Chemistry Building at South Dakota School of Mines and Technology.

In December of 2015, the South Dakota Board of Regents, issued \$22,525,000 of Housing and Auxiliary Facilities System Revenue Bonds, Series 2015. The bonds were issued to (i) pay the costs of improvements to, or remodeling or renovation of, student housing at the University of South Dakota, (ii) pay the costs of additions and renovations of the student union and student housing at Dakota State University, (iii) provide funds for the current refunding of the South Dakota Board of Regents Housing and Auxiliary Facilities Revenue Bonds, Series 2005A; and (iv) pay certain expenses incident to the issuance of the Series 2015 Bonds.

South Dakota Housing Development Authority

On December 17, 2015, the South Dakota Housing Development Authority issued 2015 DE Homeownership Mortgage bonds in the amount of \$75,000,000 to fund first time home buyer loans. These bonds are comprised of: 2015 Series D bonds in the amount of \$50,000,000, and 2015 Series E bonds in the amount of \$25,000,000.

Bureau of Administration

The State of South Dakota created two captive insurance companies that are nonprofit LLC's. The first is a liability captive insurance company to provide liability coverage to 6 of the State's component units (South Dakota Building Authority, South Dakota Health and Educational Facilities Authority, South Dakota Science and Technology Authority, South Dakota Housing Development Authority, South Dakota Education Enhancement Funding Corporation, and South Dakota Ellsworth Development Authority). The other is a property and casualty insurance company to provide property insurance to the State of South Dakota on the majority of all state buildings. Both of these captive insurance companies have contracted with the Division of Risk Management within the Bureau of Administration for management and administrative services. The liability captive company began providing coverage on 9/1/2015. The property and casualty insurance company began providing coverage on 10/1/2015.

South Dakota Science and Technology Authority

A loan agreement was signed between South Dakota Science and Technology Authority and South Dakota Community Foundation on Oct. 9, 2015, for \$2,000,000. The funds from this loan are to be used to purchase xenon for use in underground laboratory experiments. The note is due 10/1/2026, with simple interest to be paid quarterly at 2.5% per annum for 11 years.

19. CONTINGENCIES AND LITIGATION

The State of South Dakota is party to numerous legal proceedings, many of which occur in the normal course of governmental operation. The outcomes of these lawsuits could have an impact on the State's financial statements. Based on prior experience, it is unlikely that the outcome of these claims will materially affect the financial position of the State. The contingencies at June 30, 2015 are as follows:

In Re: 2004 NPM Adjustment Proceedings

In 1998, the largest tobacco manufacturers and the states entered into the Master Settlement Agreement (MSA). Under the terms of the MSA, South Dakota receives approximately \$23 million per year in exchange for diligently enforcing its tobacco enforcement statutes, including against tobacco companies that are not part of the MSA. In 2002 and again in 2013 South Dakota securitized its annual payments from the MSA. The tobacco companies are alleging that all of the states failed to diligently enforce their tobacco statutes in 2004. The MSA requires a neutral arbitration panel to determine if a state diligently enforced its statutes. The process to arbitrate that issue has been started. If it is

found that South Dakota did not diligently enforce the statutes in 2004, the State would need to repay the \$23 million it received for 2004. The State intends to assert that all statutes were diligently enforced. If the decision is unfavorable, it could have a material impact on the State's Tobacco Securitization Debt Service Fund.

Long, et al v. State of South Dakota

The owners of five properties upstream from the South Dakota Department of Transportation's Highway 11 project in Lincoln County sued the Department in 2010, alleging the Department's handling of drainage in connection with the project resulted in a compensable damaging of their properties under the State constitution. The circuit court in Minnehaha County, the Honorable Judge Reipel presiding, concluded on June 24, 2014, that there had been a compensable damaging of the properties and a jury subsequently awarded the landowners a total of \$1,297,505.90, plus post-judgment interest. The Department appealed to the South Dakota Supreme Court. The plaintiff landowners have appealed the trial court's refusal to award attorney and expert fees as a separate item of compensation. Oral argument on all appeal issues occurred on January 12, 2016. If the decision is unfavorable, compensation would be paid out of the State Highway Fund.

Gard v. Dooley, et al

On February 13, 2014, Gard, the Plaintiff, an inmate at the Mike Durfee State Prison in Springfield, filed a 1983 Complaint in which he alleged deliberate indifference to his significant medical needs. Gard is asking for \$100,000 in compensatory damages and \$250,000 in punitive damages against each of the eight defendants named in the lawsuit. Defendants filed a motion for summary judgement on April 7, 2015. The District Court has granted Gard multiple extensions and he currently has until January 21, 2016 to respond. The defendants intend to vigorously defend against the plaintiffs' action. However, due to the current stage of the litigation, as well as the nature of procedural and substantive defenses, counsel is not in a position to give any opinion at this time as to the risk of a favorable or unfavorable outcome regarding this matter.

Dubois v. Dooley, et al

On August 11, 2015, Dubois, the Plaintiff, an inmate at the Mike Durfee State Prison in Springfield, filed a 1983 Complaint in which he alleged Health Services at said facility were deliberately indifferent to his serious medical needs resulting in permanent hearing loss. Dubois is seeking \$3,000,000 in compensatory damages. The defendants filed an Answer on November 12, 2015. The defendants have until March 1, 2016 in which to file their Motion for Summary Judgment to the District Court. The defendants intend to vigorously defend against the plaintiffs' action. However, due to the current stage of the litigation, as well as the nature of procedural and substantive defenses, counsel is not in a position to give any opinion at this time as to the risk of a favorable or unfavorable outcome regarding this matter.

Oglala Sioux Tribe and Rosebud Sioux Tribe et al v. State of South Dakota Department of Social Services

This case was filed on March 21, 2013. Plaintiffs are challenging the procedures of the State of South Dakota Department of Social Services in emergency removal hearings, claiming violations of constitutional rights and of the Indian Child Welfare Act. The State has filed a Motion to Dismiss which was denied by the court in January 2014. On March 30, 2015, the Court ruled in favor of the Plaintiffs on a partial summary judgment motion. All Defendants have filed Motions to Reconsider as of May 20, 2015. There are many motions pending for this case. If this matter has an unfavorable outcome, there will be considerable costs for discovery expenses, travel, and attorney fees totaling over \$1,000,000. This case is being run through the State Office of Risk Management Extraordinary Litigation Fund which is reported as part of the State's General Fund.

South Dakota v. BP, et al

South Dakota Petroleum Release Compensation Fund, administered by the Department of Environment and Natural Resources of the State of South Dakota, brought claims against BP defendants for claims of fraud, misrepresentation, violations of their subrogation agreements, unjust enrichment, and is claiming that BP has strict liability under SDCL 34A-2-96, for the remediation of its environmental contamination at all of its divested former petroleum fuel dispensing facilities that were owned, operated, leased, controlled, distributed, and supplied by defendant in the state. South

Dakota is seeking damages that total in a range of \$79,620,991 to \$89,620,991 in addition to punitive damages. The trial is currently scheduled to begin May 16, 2016, in the Sixth Judicial Circuit Court, but BP is seeking to continue the trial to a later date.

State v. SDRC, Inc.

On October 16, 2015, the State of South Dakota filed a Complaint against SDRC, Inc. in the Circuit Court of the Sixth Judicial Circuit, Hughes County, South Dakota, relating to the State's Contract with SDRC, Inc. to operate the South Dakota Regional Center under the federal EB-5 program. The Complaint seeks indemnification from SDRC for approximately \$175,000 in expenses the State incurred, specific performance by SDRC of its obligations relating to indemnification fund accounts benefiting the State, and other non-monetary relief. On November 20, 2015, SDRC, Inc. filed an Answer and Counterclaim against the State alleging a variety of contract and tort claims, and sought \$1,500,000 in damages. The State intends to file a Motion to Dismiss the Counterclaim and believes a dismissal is likely. The State will likely seek indemnification from SDRC, Inc. for any costs and expenses related to the State's defense of this action. Counsel cannot offer an opinion at this time on the risk of unfavorable outcome. If the outcome is unfavorable, any amounts not covered by insurance and indemnification funds maintained by SDRC could have a material impact on the State's General Fund.

LP6 Claimants LLC v. South Dakota Department of Tourism and State Development, South Dakota Governor's Office of Economic Development, South Dakota Department of Tourism, the State of South Dakota, et al.

On or about December 9, 2015, the class of plaintiffs known as "LP6 Claimants LLC" filed an Amended Complaint in the Circuit Court of the Sixth Judicial Circuit, Hughes County, South Dakota, against various state agencies and private, non-state defendants. As to the State and its agencies, the Complaint alleges fraud and aiding and abetting the private, non-state defendants in a breach of fiduciary duty to plaintiff's members. Plaintiffs allege \$18,550,000 in damages. On January 6, 2016, the State filed a Motion to Dismiss the Complaint, and believes a dismissal is likely. On January 8, 2016, the private, non-state defendants filed a Crossclaim against the State, seeking indemnification of their costs and expenses. The State intends to file a Motion to Dismiss the Crossclaim, and believes a dismissal is likely. A hearing date for all of these matters remains pending. The State will likely seek indemnification from SDRC, Inc. for any costs and expenses related to the State's defense of this action. Counsel cannot offer an opinion at this time on the risk of unfavorable outcome. If the outcome is unfavorable, any amounts not covered by insurance and indemnification funds maintained by SDRC could have a material impact on the State's General Fund. Similar additional un-asserted claims may exist for other investors in the Northern Beef Packers project.

REQUIRED SUPPLEMENTARY INFORMATION

The *Required Supplementary Information* includes the Budgetary Reporting and Pension Information. The following individual schedules are included:

- Budgetary Comparison Schedule – General Fund
- Budgetary Comparison Schedule – Transportation Fund
- Budgetary Comparison Schedule – Social Services Federal Fund
- Budgetary Comparison Schedule – Budget-to-GAAP Reconciliation
- Notes to Required Supplementary Information – Budgetary Reporting
- Schedule of Proportionate Share of Net Pension Liability (Asset)
- Schedule of Contributions

STATE OF SOUTH DAKOTA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended June 30, 2015
(Expressed in Thousands)

| | BUDGETED AMOUNTS | | Actual Amounts | Variance with Final Budget |
|--|------------------|--------------|----------------|-------------------------------|
| | Original | Final | | |
| OFFICE OF THE GOVERNOR | | | | |
| Personal Services | \$ 1,807 | \$ 1,807 | \$ 1,807 | \$ 0 |
| Operating Expenses | 411 | 411 | 411 | 0 |
| TOTAL | <u>2,218</u> | <u>2,218</u> | <u>2,218</u> | <u>0</u> |
| GOVERNOR'S CONTINGENCY FUND | | | | |
| Personal Services | 0 | 0 | 0 | 0 |
| Operating Expenses | 75 | 75 | 75 | 0 |
| TOTAL | <u>75</u> | <u>75</u> | <u>75</u> | <u>0</u> |
| GOVERNOR'S OFFICE OF ECONOMIC DEVELOPMENT | | | | |
| Personal Services | 1,649 | 1,649 | 1,649 | 0 |
| Operating Expenses | 1,350 | 1,350 | 1,350 | 0 |
| TOTAL | <u>2,999</u> | <u>2,999</u> | <u>2,999</u> | <u>0</u> |
| OFFICE OF RESEARCH COMMERCE | | | | |
| Personal Services | 174 | 174 | 174 | 0 |
| Operating Expenses | 3,690 | 3,690 | 3,690 | 0 |
| TOTAL | <u>3,864</u> | <u>3,864</u> | <u>3,864</u> | <u>0</u> |
| SCIENCE AND TECHNOLOGY AUTHORITY | | | | |
| Personal Services | 0 | 0 | 0 | 0 |
| Operating Expenses | 0 | 3,950 | 3,950 | 0 |
| TOTAL | <u>0</u> | <u>3,950</u> | <u>3,950</u> | <u>0</u> |
| LIEUTENANT GOVERNOR | | | | |
| Personal Services | 21 | 21 | 21 | 0 |
| Operating Expenses | 13 | 13 | 13 | 0 |
| TOTAL | <u>34</u> | <u>34</u> | <u>34</u> | <u>0</u> |
| BUREAU OF FINANCE AND MANAGEMENT | | | | |
| Personal Services | 663 | 661 | 654 | 7 |
| Operating Expenses | 16,278 | 629 | 272 | 357 |
| TOTAL | <u>16,941</u> | <u>1,290</u> | <u>926</u> | <u>364</u> |
| SALE LEASEBACK, B.F.M. | | | | |
| Personal Services | 0 | 0 | 0 | 0 |
| Operating Expenses | 5,030 | 5,030 | 5,030 | 0 |
| TOTAL | <u>5,030</u> | <u>5,030</u> | <u>5,030</u> | <u>0</u> |
| EMPLOYEE COMPENSATION | | | | |
| Personal Services | 0 | 0 | 0 | 0 |
| Operating Expenses | 1 | 1 | 0 | 1 |
| TOTAL | <u>1</u> | <u>1</u> | <u>0</u> | <u>1</u> |
| ADMINISTRATIVE SERVICES, BUREAU OF ADMINISTRATION | | | | |
| Personal Services | 0 | 0 | 0 | 0 |
| Operating Expenses | 81 | 81 | 5 | 76 |
| TOTAL | <u>81</u> | <u>81</u> | <u>5</u> | <u>76</u> |
| SALE LEASEBACK, B.O.A. | | | | |
| Personal Services | 0 | 0 | 0 | 0 |
| Operating Expenses | 359 | 359 | 359 | 0 |
| TOTAL | <u>359</u> | <u>359</u> | <u>359</u> | <u>0</u> |

STATE OF SOUTH DAKOTA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended June 30, 2015
(Expressed in Thousands)

| | BUDGETED AMOUNTS | | Actual Amounts | Variance with Final Budget |
|---|------------------|---------------|----------------|-------------------------------|
| | Original | Final | | |
| CENTRAL SERVICES | | | | |
| Personal Services | \$ 182 | \$ 182 | \$ 176 | \$ 6 |
| Operating Expenses | 209 | 209 | 208 | 1 |
| TOTAL | 391 | 391 | 384 | 7 |
| STATEWIDE MAINTENANCE AND REPAIR | | | | |
| Personal Services | 0 | 0 | 0 | 0 |
| Operating Expenses | 17,501 | 17,501 | 11,244 | 6,257 |
| TOTAL | 17,501 | 17,501 | 11,244 | 6,257 |
| OFFICE OF HEARING EXAMINERS | | | | |
| Personal Services | 251 | 251 | 251 | 0 |
| Operating Expenses | 70 | 70 | 70 | 0 |
| TOTAL | 321 | 321 | 321 | 0 |
| PEPL FUND ADMINISTRATION - INFORMATIONAL | | | | |
| Personal Services | 0 | 0 | 0 | 0 |
| Operating Expenses | 0 | 6,000 | 0 | 6,000 |
| TOTAL | 0 | 6,000 | 0 | 6,000 |
| SOUTH DAKOTA PUBLIC BROADCASTING | | | | |
| Personal Services | 2,647 | 2,647 | 2,646 | 1 |
| Operating Expenses | 1,227 | 1,227 | 1,227 | 0 |
| TOTAL | 3,874 | 3,874 | 3,873 | 1 |
| STATE RADIO ENGINEERING | | | | |
| Personal Services | 657 | 657 | 657 | 0 |
| Operating Expenses | 2,158 | 2,158 | 2,158 | 0 |
| TOTAL | 2,815 | 2,815 | 2,815 | 0 |
| PERSONNEL MANAGEMENT AND EMPLOYEE BENEFITS | | | | |
| Personal Services | 203 | 203 | 203 | 0 |
| Operating Expenses | 60 | 60 | 60 | 0 |
| TOTAL | 263 | 263 | 263 | 0 |
| DEPARTMENT TOTAL, EXECUTIVE MANAGEMENT | | | | |
| Personal Services | 8,254 | 8,252 | 8,238 | 14 |
| Operating Expenses | 48,513 | 42,814 | 30,122 | 12,692 |
| TOTAL | 56,767 | 51,066 | 38,360 | 12,706 |
| PROPERTY AND SPECIAL TAXES | | | | |
| Personal Services | 907 | 919 | 899 | 20 |
| Operating Expenses | 857 | 1,295 | 782 | 513 |
| TOTAL | 1,764 | 2,214 | 1,681 | 533 |
| DEPARTMENT TOTAL, REVENUE | | | | |
| Personal Services | 907 | 919 | 899 | 20 |
| Operating Expenses | 857 | 1,295 | 782 | 513 |
| TOTAL | 1,764 | 2,214 | 1,681 | 533 |
| ADMINISTRATION, SECRETARY OF AGRICULTURE | | | | |
| Personal Services | 658 | 730 | 730 | 0 |
| Operating Expenses | 179 | 179 | 179 | 0 |
| TOTAL | 837 | 909 | 909 | 0 |

STATE OF SOUTH DAKOTA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended June 30, 2015
(Expressed in Thousands)

| | BUDGETED AMOUNTS | | | Variance with |
|--|------------------|----------|----------------|---------------|
| | Original | Final | Actual Amounts | Final Budget |
| AGRICULTURAL SERVICES AND ASSISTANCE | | | | |
| Personal Services | \$ 1,341 | \$ 1,341 | \$ 1,341 | \$ 0 |
| Operating Expenses | 600 | 600 | 599 | 1 |
| TOTAL | 1,941 | 1,941 | 1,940 | 1 |
| AGRICULTURAL DEVELOPMENT AND PROMOTION | | | | |
| Personal Services | 1,217 | 1,144 | 1,144 | 0 |
| Operating Expenses | 521 | 1,271 | 1,255 | 16 |
| TOTAL | 1,738 | 2,415 | 2,399 | 16 |
| ANIMAL INDUSTRY BOARD | | | | |
| Personal Services | 1,658 | 1,658 | 1,658 | 0 |
| Operating Expenses | 335 | 335 | 335 | 0 |
| TOTAL | 1,993 | 1,993 | 1,993 | 0 |
| STATE FAIR | | | | |
| Personal Services | 0 | 0 | 0 | 0 |
| Operating Expenses | 270 | 270 | 270 | 0 |
| TOTAL | 270 | 270 | 270 | 0 |
| DEPARTMENT TOTAL, AGRICULTURE | | | | |
| Personal Services | 4,874 | 4,873 | 4,873 | 0 |
| Operating Expenses | 1,905 | 2,655 | 2,638 | 17 |
| TOTAL | 6,779 | 7,528 | 7,511 | 17 |
| HISTORY | | | | |
| Personal Services | 921 | 921 | 921 | 0 |
| Operating Expenses | 1,018 | 1,018 | 1,018 | 0 |
| TOTAL | 1,939 | 1,939 | 1,939 | 0 |
| DEPARTMENT TOTAL, TOURISM | | | | |
| Personal Services | 921 | 921 | 921 | 0 |
| Operating Expenses | 1,018 | 1,018 | 1,018 | 0 |
| TOTAL | 1,939 | 1,939 | 1,939 | 0 |
| ADMINISTRATION, SECRETARY OF GAME, FISH, AND PARKS | | | | |
| Personal Services | 123 | 123 | 123 | 0 |
| Operating Expenses | 825 | 825 | 825 | 0 |
| TOTAL | 948 | 948 | 948 | 0 |
| STATE PARKS AND RECREATION | | | | |
| Personal Services | 2,527 | 2,527 | 2,527 | 0 |
| Operating Expenses | 1,466 | 1,651 | 1,651 | 0 |
| TOTAL | 3,993 | 4,178 | 4,178 | 0 |
| DEVELOPMENT AND IMPROVEMENT, PARKS AND RECREATION | | | | |
| Personal Services | 0 | 0 | 0 | 0 |
| Operating Expenses | 3,779 | 3,779 | 380 | 3,399 |
| TOTAL | 3,779 | 3,779 | 380 | 3,399 |
| DEPARTMENT TOTAL, GAME, FISH, & PARKS | | | | |
| Personal Services | 2,650 | 2,650 | 2,650 | 0 |
| Operating Expenses | 6,070 | 6,255 | 2,856 | 3,399 |
| TOTAL | 8,720 | 8,905 | 5,506 | 3,399 |

STATE OF SOUTH DAKOTA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended June 30, 2015
(Expressed in Thousands)

| | BUDGETED AMOUNTS | | | Variance with |
|--|------------------|---------|----------------|---------------|
| | Original | Final | Actual Amounts | Final Budget |
| OFFICE OF TRIBAL RELATIONS | | | | |
| Personal Services | \$ 344 | \$ 350 | \$ 350 | \$ 0 |
| Operating Expenses | 93 | 87 | 67 | 20 |
| TOTAL | 437 | 437 | 417 | 20 |
| DEPARTMENT TOTAL, TRIBAL RELATIONS | | | | |
| Personal Services | 344 | 350 | 350 | 0 |
| Operating Expenses | 93 | 87 | 67 | 20 |
| TOTAL | 437 | 437 | 417 | 20 |
| ADMINISTRATION, SECRETARY OF SOCIAL SERVICES | | | | |
| Personal Services | 4,267 | 4,267 | 4,267 | 0 |
| Operating Expenses | 4,426 | 4,426 | 4,426 | 0 |
| TOTAL | 8,693 | 8,693 | 8,693 | 0 |
| ECONOMIC ASSISTANCE | | | | |
| Personal Services | 7,846 | 7,846 | 7,846 | 0 |
| Operating Expenses | 17,321 | 17,438 | 17,320 | 118 |
| TOTAL | 25,167 | 25,284 | 25,166 | 118 |
| MEDICAL AND ADULT SERVICES | | | | |
| Personal Services | 3,032 | 3,032 | 3,032 | 0 |
| Operating Expenses | 300,744 | 296,462 | 293,297 | 3,165 |
| TOTAL | 303,776 | 299,494 | 296,329 | 3,165 |
| CHILDREN'S SERVICES | | | | |
| Personal Services | 11,430 | 11,430 | 11,430 | 0 |
| Operating Expenses | 34,057 | 29,241 | 29,204 | 37 |
| TOTAL | 45,487 | 40,671 | 40,634 | 37 |
| BEHAVIORAL HEALTH | | | | |
| Personal Services | 28,966 | 28,966 | 28,966 | 0 |
| Operating Expenses | 39,932 | 40,834 | 38,803 | 2,031 |
| TOTAL | 68,898 | 69,800 | 67,769 | 2,031 |
| DEPARTMENT TOTAL, SOCIAL SERVICES | | | | |
| Personal Services | 55,541 | 55,541 | 55,541 | 0 |
| Operating Expenses | 396,480 | 388,401 | 383,050 | 5,351 |
| TOTAL | 452,021 | 443,942 | 438,591 | 5,351 |
| ADMINISTRATION, SECRETARY OF HEALTH | | | | |
| Personal Services | 704 | 704 | 704 | 0 |
| Operating Expenses | 522 | 522 | 522 | 0 |
| TOTAL | 1,226 | 1,226 | 1,226 | 0 |
| HEALTH SYSTEMS DEVELOPMENT AND REGULATION | | | | |
| Personal Services | 1,608 | 1,608 | 1,608 | 0 |
| Operating Expenses | 1,193 | 1,920 | 1,268 | 652 |
| TOTAL | 2,801 | 3,528 | 2,876 | 652 |
| HEALTH AND MEDICAL SERVICES | | | | |
| Personal Services | 1,895 | 1,895 | 1,895 | 0 |
| Operating Expenses | 2,987 | 2,902 | 2,902 | 0 |
| TOTAL | 4,882 | 4,797 | 4,797 | 0 |

STATE OF SOUTH DAKOTA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended June 30, 2015
(Expressed in Thousands)

| | BUDGETED AMOUNTS | | Actual Amounts | Variance with Final Budget |
|---|------------------|----------------|----------------|-------------------------------|
| | Original | Final | | |
| DEPARTMENT TOTAL, HEALTH | | | | |
| Personal Services | \$ 4,207 | \$ 4,207 | \$ 4,207 | \$ 0 |
| Operating Expenses | 4,702 | 5,344 | 4,692 | 652 |
| TOTAL | 8,909 | 9,551 | 8,899 | 652 |
| ADMINISTRATION, SECRETARY OF LABOR | | | | |
| Personal Services | 0 | 0 | 0 | 0 |
| Operating Expenses | 605 | 605 | 605 | 0 |
| TOTAL | 605 | 605 | 605 | 0 |
| STATE LABOR LAW ADMINISTRATION | | | | |
| Personal Services | 587 | 587 | 587 | 0 |
| Operating Expenses | 93 | 93 | 93 | 0 |
| TOTAL | 680 | 680 | 680 | 0 |
| DEPARTMENT TOTAL, LABOR AND REGULATION | | | | |
| Personal Services | 587 | 587 | 587 | 0 |
| Operating Expenses | 698 | 698 | 698 | 0 |
| TOTAL | 1,285 | 1,285 | 1,285 | 0 |
| GENERAL OPERATIONS | | | | |
| Personal Services | 499 | 499 | 499 | 0 |
| Operating Expenses | 26 | 26 | 26 | 0 |
| TOTAL | 525 | 525 | 525 | 0 |
| DEPARTMENT TOTAL, TRANSPORTATION | | | | |
| Personal Services | 499 | 499 | 499 | 0 |
| Operating Expenses | 26 | 26 | 26 | 0 |
| TOTAL | 525 | 525 | 525 | 0 |
| ADMINISTRATION, SECRETARY OF EDUCATION | | | | |
| Personal Services | 1,448 | 1,513 | 1,513 | 0 |
| Operating Expenses | 1,151 | 1,401 | 1,102 | 299 |
| TOTAL | 2,599 | 2,914 | 2,615 | 299 |
| STATE AID TO GENERAL EDUCATION | | | | |
| Personal Services | 0 | 0 | 0 | 0 |
| Operating Expenses | 343,909 | 336,732 | 333,088 | 3,644 |
| TOTAL | 343,909 | 336,732 | 333,088 | 3,644 |
| STATE AID TO SPECIAL EDUCATION | | | | |
| Personal Services | 0 | 0 | 0 | 0 |
| Operating Expenses | 53,045 | 53,045 | 52,230 | 815 |
| TOTAL | 53,045 | 53,045 | 52,230 | 815 |
| SPARSITY PAYMENTS | | | | |
| Personal Services | 0 | 0 | 0 | 0 |
| Operating Expenses | 1,863 | 1,936 | 1,936 | 0 |
| TOTAL | 1,863 | 1,936 | 1,936 | 0 |
| TECHNOLOGY IN SCHOOLS | | | | |
| Personal Services | 0 | 0 | 0 | 0 |
| Operating Expenses | 8,169 | 8,169 | 8,169 | 0 |
| TOTAL | 8,169 | 8,169 | 8,169 | 0 |

STATE OF SOUTH DAKOTA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended June 30, 2015
(Expressed in Thousands)

| | BUDGETED AMOUNTS | | | Variance with |
|---|------------------|---------|----------------|---------------|
| | Original | Final | Actual Amounts | Final Budget |
| POST-SECONDARY VOCATIONAL EDUCATION | | | | |
| Personal Services | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Operating Expenses | 23,450 | 23,392 | 23,392 | 0 |
| TOTAL | 23,450 | 23,392 | 23,392 | 0 |
| NONRECURRING POST-SECONDARY TECHNICAL INSTITUTE FUNDING | | | | |
| Personal Services | 0 | 0 | 0 | 0 |
| Operating Expenses | 916 | 916 | 916 | 0 |
| TOTAL | 916 | 916 | 916 | 0 |
| EDUCATION RESOURCES | | | | |
| Personal Services | 1,639 | 1,613 | 1,613 | 0 |
| Operating Expenses | 11,632 | 12,380 | 10,595 | 1,785 |
| TOTAL | 13,271 | 13,993 | 12,208 | 1,785 |
| STATE LIBRARY | | | | |
| Personal Services | 1,241 | 1,201 | 1,201 | 0 |
| Operating Expenses | 645 | 645 | 610 | 35 |
| TOTAL | 1,886 | 1,846 | 1,811 | 35 |
| DEPARTMENT TOTAL, EDUCATION | | | | |
| Personal Services | 4,328 | 4,327 | 4,327 | 0 |
| Operating Expenses | 444,780 | 438,616 | 432,038 | 6,578 |
| TOTAL | 449,108 | 442,943 | 436,365 | 6,578 |
| ADMINISTRATION, SECRETARY OF PUBLIC SAFETY | | | | |
| Personal Services | 120 | 120 | 120 | 0 |
| Operating Expenses | 14 | 14 | 14 | 0 |
| TOTAL | 134 | 134 | 134 | 0 |
| ENFORCEMENT | | | | |
| Personal Services | 886 | 835 | 833 | 2 |
| Operating Expenses | 1,883 | 1,796 | 1,413 | 383 |
| TOTAL | 2,769 | 2,631 | 2,246 | 385 |
| EMERGENCY SERVICES AND HOMELAND SECURITY | | | | |
| Personal Services | 1,229 | 1,280 | 1,261 | 19 |
| Operating Expenses | 3,183 | 3,189 | 3,184 | 5 |
| TOTAL | 4,412 | 4,469 | 4,445 | 24 |
| EMERGENCY AND DISASTER FUND | | | | |
| Personal Services | 0 | 0 | 0 | 0 |
| Operating Expenses | 0 | 6,829 | 6,829 | 0 |
| TOTAL | 0 | 6,829 | 6,829 | 0 |
| LEGAL AND REGULATORY SERVICES | | | | |
| Personal Services | 66 | 66 | 63 | 3 |
| Operating Expenses | 650 | 731 | 728 | 3 |
| TOTAL | 716 | 797 | 791 | 6 |
| DEPARTMENT TOTAL, PUBLIC SAFETY | | | | |
| Personal Services | 2,301 | 2,301 | 2,277 | 24 |
| Operating Expenses | 5,730 | 12,559 | 12,168 | 391 |
| TOTAL | 8,031 | 14,860 | 14,445 | 415 |

STATE OF SOUTH DAKOTA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended June 30, 2015
(Expressed in Thousands)

| | BUDGETED AMOUNTS | | Actual Amounts | Variance with Final Budget |
|--|-------------------------|---------------|-----------------------|---------------------------------------|
| | Original | Final | | |
| REGENTS CENTRAL OFFICE | | | | |
| Personal Services | \$ 4,286 | \$ 4,230 | \$ 4,230 | \$ 0 |
| Operating Expenses | 12,652 | 11,846 | 8,699 | 3,147 |
| TOTAL | 16,938 | 16,076 | 12,929 | 3,147 |
| BOARD OF REGENTS RESEARCH GRANT POOL | | | | |
| Personal Services | 0 | 0 | 0 | 0 |
| Operating Expenses | 1,822 | 1,822 | 1,822 | 0 |
| TOTAL | 1,822 | 1,822 | 1,822 | 0 |
| SOUTH DAKOTA SCHOLARSHIPS | | | | |
| Personal Services | 0 | 0 | 0 | 0 |
| Operating Expenses | 4,699 | 4,699 | 4,649 | 50 |
| TOTAL | 4,699 | 4,699 | 4,649 | 50 |
| UNIVERSITY OF SOUTH DAKOTA PROPER | | | | |
| Personal Services | 31,744 | 31,744 | 31,744 | 0 |
| Operating Expenses | 4,467 | 4,953 | 3,991 | 962 |
| TOTAL | 36,211 | 36,697 | 35,735 | 962 |
| UNIVERSITY OF SOUTH DAKOTA SCHOOL OF MEDICINE | | | | |
| Personal Services | 18,414 | 18,414 | 18,414 | 0 |
| Operating Expenses | 3,319 | 3,319 | 3,319 | 0 |
| TOTAL | 21,733 | 21,733 | 21,733 | 0 |
| SOUTH DAKOTA STATE UNIVERSITY PROPER | | | | |
| Personal Services | 39,619 | 39,619 | 39,619 | 0 |
| Operating Expenses | 6,789 | 7,153 | 5,116 | 2,037 |
| TOTAL | 46,408 | 46,772 | 44,735 | 2,037 |
| COOPERATIVE EXTENSION SERVICE | | | | |
| Personal Services | 7,989 | 7,989 | 7,989 | 0 |
| Operating Expenses | 329 | 329 | 329 | 0 |
| TOTAL | 8,318 | 8,318 | 8,318 | 0 |
| AGRICULTURAL EXPERIMENT STATION | | | | |
| Personal Services | 11,101 | 11,101 | 11,101 | 0 |
| Operating Expenses | 627 | 627 | 627 | 0 |
| TOTAL | 11,728 | 11,728 | 11,728 | 0 |
| SOUTH DAKOTA SCHOOL OF MINES AND TECHNOLOGY | | | | |
| Personal Services | 15,389 | 15,213 | 15,213 | 0 |
| Operating Expenses | 1,720 | 1,978 | 1,978 | 0 |
| TOTAL | 17,109 | 17,191 | 17,191 | 0 |
| NORTHERN STATE UNIVERSITY | | | | |
| Personal Services | 11,900 | 11,900 | 11,900 | 0 |
| Operating Expenses | 1,054 | 1,246 | 1,246 | 0 |
| TOTAL | 12,954 | 13,146 | 13,146 | 0 |
| BLACK HILLS STATE UNIVERSITY | | | | |
| Personal Services | 8,245 | 8,245 | 8,245 | 0 |
| Operating Expenses | 658 | 716 | 716 | 0 |
| TOTAL | 8,903 | 8,961 | 8,961 | 0 |

STATE OF SOUTH DAKOTA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended June 30, 2015
(Expressed in Thousands)

| | BUDGETED AMOUNTS | | Actual Amounts | Variance with |
|---|------------------|----------|----------------|---------------|
| | Original | Final | | Final Budget |
| DAKOTA STATE UNIVERSITY | | | | |
| Personal Services | \$ 9,143 | \$ 9,176 | \$ 8,777 | \$ 399 |
| Operating Expenses | 659 | 713 | 644 | 69 |
| TOTAL | 9,802 | 9,889 | 9,421 | 468 |
| SOUTH DAKOTA SCHOOL FOR THE DEAF | | | | |
| Personal Services | 1,585 | 1,497 | 1,497 | 0 |
| Operating Expenses | 1,142 | 1,267 | 1,267 | 0 |
| TOTAL | 2,727 | 2,764 | 2,764 | 0 |
| SOUTH DAKOTA SCHOOL FOR THE BLIND AND VISUALLY IMPAIRED | | | | |
| Personal Services | 2,576 | 2,486 | 2,486 | 0 |
| Operating Expenses | 250 | 358 | 358 | 0 |
| TOTAL | 2,826 | 2,844 | 2,844 | 0 |
| DEPARTMENT TOTAL, BOARD OF REGENTS | | | | |
| Personal Services | 161,991 | 161,614 | 161,215 | 399 |
| Operating Expenses | 40,187 | 41,026 | 34,761 | 6,265 |
| TOTAL | 202,178 | 202,640 | 195,976 | 6,664 |
| ADJUTANT GENERAL | | | | |
| Personal Services | 404 | 414 | 414 | 0 |
| Operating Expenses | 523 | 513 | 438 | 75 |
| TOTAL | 927 | 927 | 852 | 75 |
| ARMY GUARD | | | | |
| Personal Services | 344 | 371 | 371 | 0 |
| Operating Expenses | 2,759 | 2,755 | 2,754 | 1 |
| TOTAL | 3,103 | 3,126 | 3,125 | 1 |
| AIR GUARD | | | | |
| Personal Services | 190 | 190 | 183 | 7 |
| Operating Expenses | 225 | 225 | 221 | 4 |
| TOTAL | 415 | 415 | 404 | 11 |
| DEPARTMENT TOTAL, MILITARY | | | | |
| Personal Services | 938 | 975 | 968 | 7 |
| Operating Expenses | 3,507 | 3,493 | 3,413 | 80 |
| TOTAL | 4,445 | 4,468 | 4,381 | 87 |
| VETERANS' BENEFITS AND SERVICES | | | | |
| Personal Services | 1,062 | 1,022 | 1,007 | 15 |
| Operating Expenses | 1,222 | 1,252 | 609 | 643 |
| TOTAL | 2,284 | 2,274 | 1,616 | 658 |
| STATE VETERANS' HOME | | | | |
| Personal Services | 1,731 | 1,771 | 1,771 | 0 |
| Operating Expenses | 14,602 | 14,572 | 7,617 | 6,955 |
| TOTAL | 16,333 | 16,343 | 9,388 | 6,955 |
| DEPARTMENT TOTAL, VETERANS' AFFAIRS | | | | |
| Personal Services | 2,793 | 2,793 | 2,778 | 15 |
| Operating Expenses | 15,824 | 15,824 | 8,226 | 7,598 |
| TOTAL | 18,617 | 18,617 | 11,004 | 7,613 |

STATE OF SOUTH DAKOTA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended June 30, 2015
(Expressed in Thousands)

| | BUDGETED AMOUNTS | | Actual Amounts | Variance with |
|--|------------------|----------|----------------|---------------|
| | Original | Final | | Final Budget |
| ADMINISTRATION, CENTRAL OFFICE | | | | |
| Personal Services | \$ 1,585 | \$ 1,541 | \$ 1,541 | \$ 0 |
| Operating Expenses | 393 | 365 | 364 | 1 |
| TOTAL | 1,978 | 1,906 | 1,905 | 1 |
| MIKE DURFEE STATE PRISON | | | | |
| Personal Services | 10,624 | 10,624 | 10,624 | 0 |
| Operating Expenses | 5,192 | 4,775 | 4,774 | 1 |
| TOTAL | 15,816 | 15,399 | 15,398 | 1 |
| STATE PENITENTIARY | | | | |
| Personal Services | 15,896 | 16,715 | 16,715 | 0 |
| Operating Expenses | 4,444 | 5,520 | 5,520 | 0 |
| TOTAL | 20,340 | 22,235 | 22,235 | 0 |
| WOMEN'S PRISON | | | | |
| Personal Services | 3,655 | 3,540 | 3,540 | 0 |
| Operating Expenses | 1,312 | 1,320 | 1,320 | 0 |
| TOTAL | 4,967 | 4,860 | 4,860 | 0 |
| INMATE SERVICES | | | | |
| Personal Services | 957 | 992 | 992 | 0 |
| Operating Expenses | 20,070 | 21,024 | 21,024 | 0 |
| TOTAL | 21,027 | 22,016 | 22,016 | 0 |
| PAROLE SERVICES | | | | |
| Personal Services | 3,010 | 3,131 | 3,131 | 0 |
| Operating Expenses | 1,698 | 1,698 | 1,689 | 9 |
| TOTAL | 4,708 | 4,829 | 4,820 | 9 |
| JUVENILE COMMUNITY CORRECTIONS | | | | |
| Personal Services | 2,808 | 2,701 | 2,701 | 0 |
| Operating Expenses | 13,868 | 11,130 | 11,076 | 54 |
| TOTAL | 16,676 | 13,831 | 13,777 | 54 |
| YOUTH CHALLENGE CENTER | | | | |
| Personal Services | 1,635 | 1,364 | 1,364 | 0 |
| Operating Expenses | 112 | 112 | 112 | 0 |
| TOTAL | 1,747 | 1,476 | 1,476 | 0 |
| PATRICK HENRY BRADY ACADEMY | | | | |
| Personal Services | 1,645 | 1,382 | 1,379 | 3 |
| Operating Expenses | 95 | 95 | 95 | 0 |
| TOTAL | 1,740 | 1,477 | 1,474 | 3 |
| STATE TREATMENT AND REHABILITATION ACADEMY | | | | |
| Personal Services | 2,604 | 2,466 | 2,454 | 12 |
| Operating Expenses | 2,411 | 2,268 | 2,267 | 1 |
| TOTAL | 5,015 | 4,734 | 4,721 | 13 |
| QUEST/ExCEL | | | | |
| Personal Services | 1,184 | 1,145 | 1,145 | 0 |
| Operating Expenses | 111 | 126 | 126 | 0 |
| TOTAL | 1,295 | 1,271 | 1,271 | 0 |

STATE OF SOUTH DAKOTA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended June 30, 2015
(Expressed in Thousands)

| | BUDGETED AMOUNTS | | Actual Amounts | Variance with |
|---|------------------|-----------|----------------|---------------|
| | Original | Final | | Final Budget |
| DEPARTMENT TOTAL, CORRECTIONS | | | | |
| Personal Services | \$ 45,603 | \$ 45,601 | \$ 45,586 | \$ 15 |
| Operating Expenses | 49,706 | 48,433 | 48,367 | 66 |
| TOTAL | 95,309 | 94,034 | 93,953 | 81 |
| ADMINISTRATION, SECRETARY OF HUMAN SERVICES | | | | |
| Personal Services | 582 | 582 | 556 | 26 |
| Operating Expenses | 276 | 276 | 276 | 0 |
| TOTAL | 858 | 858 | 832 | 26 |
| DEVELOPMENTAL DISABILITIES | | | | |
| Personal Services | 691 | 691 | 691 | 0 |
| Operating Expenses | 55,345 | 56,354 | 55,994 | 360 |
| TOTAL | 56,036 | 57,045 | 56,685 | 360 |
| SOUTH DAKOTA DEVELOPMENTAL CENTER - REDFIELD | | | | |
| Personal Services | 9,604 | 9,604 | 9,232 | 372 |
| Operating Expenses | 2,379 | 2,404 | 2,340 | 64 |
| TOTAL | 11,983 | 12,008 | 11,572 | 436 |
| REHABILITATION SERVICES | | | | |
| Personal Services | 795 | 795 | 795 | 0 |
| Operating Expenses | 3,594 | 3,626 | 3,622 | 4 |
| TOTAL | 4,389 | 4,421 | 4,417 | 4 |
| SERVICES TO THE BLIND AND VISUALLY IMPAIRED | | | | |
| Personal Services | 478 | 478 | 478 | 0 |
| Operating Expenses | 464 | 464 | 463 | 1 |
| TOTAL | 942 | 942 | 941 | 1 |
| DEPARTMENT TOTAL, HUMAN SERVICES | | | | |
| Personal Services | 12,150 | 12,150 | 11,752 | 398 |
| Operating Expenses | 62,058 | 63,124 | 62,695 | 429 |
| TOTAL | 74,208 | 75,274 | 74,447 | 827 |
| FINANCIAL AND TECHNICAL ASSISTANCE | | | | |
| Personal Services | 2,020 | 2,020 | 2,020 | 0 |
| Operating Expenses | 1,345 | 1,345 | 1,344 | 1 |
| TOTAL | 3,365 | 3,365 | 3,364 | 1 |
| ENVIRONMENTAL SERVICES | | | | |
| Personal Services | 3,244 | 3,244 | 3,244 | 0 |
| Operating Expenses | 564 | 914 | 914 | 0 |
| TOTAL | 3,808 | 4,158 | 4,158 | 0 |
| DEPARTMENT TOTAL, ENVIRONMENT AND NATURAL RESOURCES | | | | |
| Personal Services | 5,264 | 5,264 | 5,264 | 0 |
| Operating Expenses | 1,909 | 2,259 | 2,258 | 1 |
| TOTAL | 7,173 | 7,523 | 7,522 | 1 |
| ADMINISTRATION, PUBLIC UTILITIES COMMISSION | | | | |
| Personal Services | 503 | 503 | 503 | 0 |
| Operating Expenses | 53 | 53 | 53 | 0 |
| TOTAL | 556 | 556 | 556 | 0 |

STATE OF SOUTH DAKOTA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended June 30, 2015
(Expressed in Thousands)

| | BUDGETED AMOUNTS | | | Variance with |
|--|------------------|--------|----------------|---------------|
| | Original | Final | Actual Amounts | Final Budget |
| DEPARTMENT TOTAL, PUBLIC UTILITIES COMMISSION | | | | |
| Personal Services | \$ 503 | \$ 503 | \$ 503 | \$ 0 |
| Operating Expenses | 53 | 53 | 53 | 0 |
| TOTAL | 556 | 556 | 556 | 0 |
| UNIFIED JUDICIAL SYSTEM | | | | |
| Personal Services | 36,200 | 36,200 | 36,200 | 0 |
| Operating Expenses | 4,904 | 5,104 | 4,435 | 669 |
| TOTAL | 41,104 | 41,304 | 40,635 | 669 |
| DEPARTMENT TOTAL, UNIFIED JUDICIAL SYSTEM | | | | |
| Personal Services | 36,200 | 36,200 | 36,200 | 0 |
| Operating Expenses | 4,904 | 5,104 | 4,435 | 669 |
| TOTAL | 41,104 | 41,304 | 40,635 | 669 |
| LEGISLATIVE OPERATIONS | | | | |
| Appropriation | 6,067 | 6,067 | 5,748 | 319 |
| TOTAL | 6,067 | 6,067 | 5,748 | 319 |
| NONRECURRING TECHNOLOGY INFRASTRUCTURE UPGRADE FUNDING | | | | |
| Personal Services | 0 | 0 | 0 | 0 |
| Operating Expenses | 500 | 500 | 500 | 0 |
| TOTAL | 500 | 500 | 500 | 0 |
| AUDITOR GENERAL | | | | |
| Personal Services | 3,050 | 3,010 | 2,948 | 62 |
| Operating Expenses | 434 | 474 | 465 | 9 |
| TOTAL | 3,484 | 3,484 | 3,413 | 71 |
| DEPARTMENT TOTAL, LEGISLATIVE DEPARTMENT | | | | |
| Personal Services | 3,050 | 3,010 | 2,948 | 62 |
| Operating Expenses | 934 | 974 | 965 | 9 |
| Appropriation | 6,067 | 6,067 | 5,748 | 319 |
| TOTAL | 10,051 | 10,051 | 9,661 | 390 |
| LEGAL SERVICES PROGRAM | | | | |
| Personal Services | 4,091 | 4,091 | 4,091 | 0 |
| Operating Expenses | 531 | 531 | 531 | 0 |
| TOTAL | 4,622 | 4,622 | 4,622 | 0 |
| CRIMINAL INVESTIGATION | | | | |
| Personal Services | 3,782 | 3,782 | 3,782 | 0 |
| Operating Expenses | 1,571 | 1,571 | 1,571 | 0 |
| TOTAL | 5,353 | 5,353 | 5,353 | 0 |
| LAW ENFORCEMENT TRAINING | | | | |
| Personal Services | 0 | 0 | 0 | 0 |
| Operating Expenses | 375 | 375 | 375 | 0 |
| TOTAL | 375 | 375 | 375 | 0 |
| DEPARTMENT TOTAL, ATTORNEY GENERAL | | | | |
| Personal Services | 7,873 | 7,873 | 7,873 | 0 |
| Operating Expenses | 2,477 | 2,477 | 2,477 | 0 |
| TOTAL | 10,350 | 10,350 | 10,350 | 0 |

STATE OF SOUTH DAKOTA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended June 30, 2015
(Expressed in Thousands)

| | BUDGETED AMOUNTS | | Actual Amounts | Variance with |
|---|------------------|--------------|----------------|---------------|
| | Original | Final | | Final Budget |
| ADMINISTRATION OF SCHOOL AND PUBLIC LANDS | | | | |
| Personal Services | \$ 426 | \$ 426 | \$ 423 | \$ 3 |
| Operating Expenses | 597 | 597 | 338 | 259 |
| TOTAL | 1,023 | 1,023 | 761 | 262 |
| DEPARTMENT TOTAL, SCHOOL AND PUBLIC LANDS | | | | |
| Personal Services | 426 | 426 | 423 | 3 |
| Operating Expenses | 597 | 597 | 338 | 259 |
| TOTAL | 1,023 | 1,023 | 761 | 262 |
| SECRETARY OF STATE | | | | |
| Personal Services | 700 | 751 | 751 | 0 |
| Operating Expenses | 304 | 528 | 517 | 11 |
| TOTAL | 1,004 | 1,279 | 1,268 | 11 |
| DEPARTMENT TOTAL, SECRETARY OF STATE | | | | |
| Personal Services | 700 | 751 | 751 | 0 |
| Operating Expenses | 304 | 528 | 517 | 11 |
| TOTAL | 1,004 | 1,279 | 1,268 | 11 |
| TREASURY MANAGEMENT | | | | |
| Personal Services | 380 | 380 | 374 | 6 |
| Operating Expenses | 146 | 146 | 123 | 23 |
| TOTAL | 526 | 526 | 497 | 29 |
| DEPARTMENT TOTAL, STATE TREASURER | | | | |
| Personal Services | 380 | 380 | 374 | 6 |
| Operating Expenses | 146 | 146 | 123 | 23 |
| TOTAL | 526 | 526 | 497 | 29 |
| STATE AUDITOR | | | | |
| Personal Services | 1,079 | 1,079 | 1,056 | 23 |
| Operating Expenses | 145 | 145 | 145 | 0 |
| TOTAL | 1,224 | 1,224 | 1,201 | 23 |
| DEPARTMENT TOTAL, STATE AUDITOR | | | | |
| Personal Services | 1,079 | 1,079 | 1,056 | 23 |
| Operating Expenses | 145 | 145 | 145 | 0 |
| TOTAL | 1,224 | 1,224 | 1,201 | 23 |
| STATE TOTAL | | | | |
| Personal Services | \$ 364,363 | \$ 364,046 | \$ 363,060 | \$ 986 |
| Operating Expenses | 1,093,623 | 1,083,951 | 1,038,928 | 45,023 |
| Appropriation | 6,067 | 6,067 | 5,748 | 319 |
| TOTAL | \$ 1,464,053 | \$ 1,454,064 | \$ 1,407,736 | \$ 46,328 |

STATE OF SOUTH DAKOTA
BUDGETARY COMPARISON SCHEDULE
TRANSPORTATION FUND
For the Fiscal Year Ended June 30, 2015
(Expressed in Thousands)

| Department | Budgeted Amounts | | Actual Amounts | Variance with |
|-------------------------------------|------------------|------------|----------------|---------------|
| | Original | Final | | Final Budget |
| GENERAL OPERATIONS | | | | |
| Personal Services | \$ 66,608 | \$ 66,608 | \$ 62,113 | \$ 4,495 |
| Operating Expenses | 124,549 | 128,002 | 108,687 | 19,315 |
| TOTAL | 191,157 | 194,610 | 170,800 | 23,810 |
| CONTRACT CONSTRUCTION INFORMATIONAL | | | | |
| Personal Services | 0 | 0 | 0 | 0 |
| Operating Expenses | 421,753 | 441,753 | 393,636 | 48,117 |
| TOTAL | 421,753 | 441,753 | 393,636 | 48,117 |
| ENFORCEMENT | | | | |
| Personal Services | 13,683 | 13,683 | 13,218 | 465 |
| Operating Expenses | 5,995 | 6,192 | 5,995 | 197 |
| TOTAL | 19,678 | 19,875 | 19,213 | 662 |
| FUND TOTAL, TRANSPORTATION | | | | |
| Personal Services | \$ 80,291 | \$ 80,291 | \$ 75,331 | \$ 4,960 |
| Operating Expenses | 552,297 | 575,947 | 508,318 | 67,629 |
| TOTAL | \$ 632,588 | \$ 656,238 | \$ 583,649 | \$ 72,589 |

STATE OF SOUTH DAKOTA
BUDGETARY COMPARISON SCHEDULE
SOCIAL SERVICES FEDERAL FUND
For the Fiscal Year Ended June 30, 2015
(Expressed in Thousands)

| Department | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|--|-------------------|-------------------|-------------------|-------------------------------|
| | Original | Final | | |
| ADMINISTRATION | | | | |
| Personal Services | \$ 5,513 | \$ 5,513 | \$ 4,431 | \$ 1,082 |
| Operating Expenses | 15,537 | 15,537 | 6,335 | 9,202 |
| TOTAL | <u>21,050</u> | <u>21,050</u> | <u>10,766</u> | <u>10,284</u> |
| ECONOMIC ASSISTANCE | | | | |
| Personal Services | 10,897 | 10,897 | 9,472 | 1,425 |
| Operating Expenses | 49,664 | 49,664 | 39,046 | 10,618 |
| TOTAL | <u>60,561</u> | <u>60,561</u> | <u>48,518</u> | <u>12,043</u> |
| MEDICAL AND ADULT SERVICES | | | | |
| Personal Services | 6,331 | 6,331 | 4,836 | 1,495 |
| Operating Expenses | 472,898 | 469,726 | 404,612 | 65,114 |
| TOTAL | <u>479,229</u> | <u>476,057</u> | <u>409,448</u> | <u>66,609</u> |
| CHILDREN'S SERVICES | | | | |
| Personal Services | 9,708 | 9,708 | 7,997 | 1,711 |
| Operating Expenses | 40,973 | 36,473 | 31,162 | 5,311 |
| TOTAL | <u>50,681</u> | <u>46,181</u> | <u>39,159</u> | <u>7,022</u> |
| BEHAVIORAL HEALTH | | | | |
| Personal Services | 10,246 | 10,246 | 9,414 | 832 |
| Operating Expenses | 28,545 | 27,646 | 20,185 | 7,461 |
| TOTAL | <u>38,791</u> | <u>37,892</u> | <u>29,599</u> | <u>8,293</u> |
| DEPARTMENT TOTAL, SOCIAL SERVICES | | | | |
| Personal Services | \$ 42,695 | \$ 42,695 | \$ 36,150 | \$ 6,545 |
| Operating Expenses | 607,617 | 599,046 | 501,340 | 97,706 |
| TOTAL | <u>\$ 650,312</u> | <u>\$ 641,741</u> | <u>\$ 537,490</u> | <u>\$ 104,251</u> |

STATE OF SOUTH DAKOTA
BUDGETARY COMPARISON SCHEDULE
BUDGET-TO-GAAP RECONCILIATION
For the Fiscal Year Ended June 30, 2015
(Expressed in Thousands)

| | <u>General Fund</u> | <u>Transportation Fund</u> | <u>Social Services Federal Fund</u> |
|--|----------------------------|--------------------------------|---|
| Uses/Outflows of Resources: | | | |
| Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule | \$ 1,407,736 | \$ 583,649 | \$ 537,490 |
| Differences-budget to GAAP: | | | |
| Encumbrances for supplies, equipment ordered but not yet received and for uncompleted contracts are reported in the year first encumbered for budgetary purposes, but expenditures are reported in the year the related expenditure is incurred for financial reporting purposes. | (12,367) | (19,864) | (2) |
| Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes | (11,803) | | |
| To adjust expenditures/expenses for accruals and other year-end entries such as the recording of food stamps and shared revenue distribution | 24,749 | 236 | 145,705 |
| To adjust expenditures/expenses for reclassification under GASB 54 | <u>31,663</u> | <u></u> | <u></u> |
| Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances-governmental funds | <u>\$ 1,439,978</u> | <u>\$ 564,021</u> | <u>\$ 683,193</u> |

Required Supplementary Information

Notes to Required Supplementary Information - Budgetary Reporting

The Budgetary Comparison Schedule presents comparisons of the original budget and legally revised final budget, with actual amounts for each program of the State of South Dakota on a budgetary basis. A Budgetary Comparison Schedule is presented for the General Fund and for each major special revenue fund that has a legally adopted annual budget. There are currently two major special revenue funds that fit this criterion: the Social Services Federal Fund and the Transportation Fund. The Budget Comparison Schedule follows the same format, terminology, and classification as the State's General Appropriations Act (General Bill). Also included is a column that compares the variance between the final budget and actual amounts. A positive variance refers to unused budget, while a negative variance refers to an over-expended budget. For the year ended June 30, 2015, there were no over-expenditures by any State department.

The original budget is defined as the first complete appropriated budget, adjusted by reserves, transfers, allocations, supplemental appropriations, reorganizations, and other legally authorized legislative and executive changes before the beginning of the fiscal year. Any such transaction that is authorized as legislative or executive change before the beginning of the fiscal year is included in the original budget, regardless of the effective date of the document loaded on the accounting system. The amount appropriated for employee compensation in the General Bill is reported as distributed to the departments and programs. Any of these adjustments may change the format, terminology, or classification of a Budget Comparison Schedule. The original budget also includes any actual appropriation amounts carried forward by law from prior years, including special appropriations, maintenance and repair, and carryovers. The final budget is defined as the original budget, adjusted by all reserves, transfers, allocations, supplemental appropriations, reorganizations, and other legally authorized legislative and executive changes after the beginning of the fiscal year.

The Budgetary Comparison Schedule reports amounts on a budgetary basis. The accounting principles applied for reporting on a budgetary basis differ from those used to present the financial statements in accordance with Generally Accepted Accounting Principles (GAAP). Since the budget is prepared principally on a cash basis, the Budgetary Comparison Schedule includes information presented on this basis for the fiscal year. A reconciliation of the two methods for the fiscal year ended June 30, 2015 has also been included as Required Supplementary Information.

STATE OF SOUTH DAKOTA
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
SOUTH DAKOTA RETIREMENT SYSTEM
July 1, 2013 to June 30, 2014 Measurement Date

Last Ten Fiscal Years *

(Dollars Expressed in Thousands)

| | Fiscal Year 2015 |
|--|-----------------------------|
| State's proportion of net pension liability (asset) | 22.0687777% |
| State's proportionate share of the net pension liability (asset) | \$ (158,996) |
| State's covered-employee payroll | \$ 367,417 |
| State's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | (43.27%) |
| Plan fiduciary net position as a percentage of the total pension liability (asset) | 107.29% |

** Note: This schedule is intended to present information for the last 10 years. However, until a full 10-year trend is compiled, information is presented for the years in which information is available.*

STATE OF SOUTH DAKOTA
SCHEDULE OF CONTRIBUTIONS
SOUTH DAKOTA RETIREMENT SYSTEM
June 30, 2015

Last Ten Fiscal Years *

(Dollars Expressed in Thousands)

| | Fiscal Year 2015 |
|--|-----------------------------|
| Contractually required contribution | \$ 24,588 |
| Contributions in relation to the contractually required contribution | (24,588) |
| Contribution deficiency (excess) | <u>\$ 0</u> |
| State's covered-employee payroll | \$ 389,949 |
| Contributions as a percentage of covered-employee payroll | 6.31% |

** Note: This schedule is intended to present information for the last 10 years. However, until a full 10-year trend is compiled, information is presented for the years in which information is available.*

COMBINING FINANCIAL STATEMENTS

The *Combining Financial Statements* include the Nonmajor Governmental Funds, Nonmajor Enterprise Funds, Internal Service Funds, Fiduciary Funds, Component Units and Nonmajor Component Units. The following individual statements are included:

- Combining Balance Sheet – Nonmajor Governmental Funds – By Type
- Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds – By Type
- Combining Balance Sheet – Nonmajor Special Revenue Funds
- Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds
- Combining Balance Sheet – Nonmajor Debt Service Funds
- Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Debt Service Funds
- Combining Statement of Net Position – Nonmajor Enterprise Funds
- Combining Statement of Revenues, Expenses, and Changes in Net Position – Nonmajor Enterprise Funds
- Combining Statement of Cash Flows – Nonmajor Enterprise Funds
- Combining Statement of Net Position – Internal Service Funds
- Combining Statement of Revenues, Expenses, and Changes in Net Position – Internal Service Funds
- Combining Statement of Cash Flows – Internal Service Funds
- Combining Statement of Fiduciary Net Position – Private Purpose Trust Funds
- Combining Statement of Changes in Fiduciary Net Position – Private Purpose Trust Funds
- Combining Statement of Fiduciary Assets and Liabilities – Agency Funds
- Combining Statement of Changes in Assets and Liabilities – Agency Funds
- Combining Statement of Net Position – Component Units
- Combining Statement of Revenues, Expenses, and Changes in Net Position – Component Units
- Statement of Cash Flows – Higher Education
- Combining Statement of Net Position – Nonmajor Component Units
- Combining Statement of Revenues, Expenses, and Changes in Net Position – Nonmajor Component Units

STATE OF SOUTH DAKOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - BY TYPE
June 30, 2015
(Expressed in Thousands)

| | Special Revenue | Debt Service | Capital Projects | Permanent | Total |
|--|--------------------|------------------|---------------------|------------------|-------------------|
| Assets | | | | | |
| Cash and Cash Equivalents | \$ 367,960 | \$ 6,381 | \$ 2,359 | \$ 3,840 | \$ 380,540 |
| Restricted Cash | | 7 | | | 7 |
| Investments | 108,865 | 8,892 | | 42,910 | 160,667 |
| Restricted Investments | | 20,080 | | | 20,080 |
| Receivables from: | | | | | |
| Taxes, net | 3,254 | | | | 3,254 |
| Interest and Dividends | 1,480 | 6 | 25 | 116 | 1,627 |
| Other Funds | 5,631 | | | | 5,631 |
| Component Units | 205 | | | | 205 |
| Other Governments | 76,922 | | | | 76,922 |
| Loans and Notes, net | 49,944 | | | | 49,944 |
| Other, net | 6,278 | 11,663 | | 4 | 17,945 |
| Inventory | 2,142 | | | | 2,142 |
| Advances to Component Units | 1,413 | | | | 1,413 |
| Other Assets | 1,353 | 8 | | | 1,361 |
| Total Assets | \$ 625,447 | \$ 47,037 | \$ 2,384 | \$ 46,870 | \$ 721,738 |
| Liabilities, Deferred Inflows of Resources, and Fund Balances | | | | | |
| Liabilities: | | | | | |
| Accounts Payable and Other Liabilities | \$ 34,387 | \$ | \$ 63 | \$ 15 | \$ 34,465 |
| Payable to: | | | | | |
| Other Funds | 23,294 | | 125 | 705 | 24,124 |
| Component Units | 1,490 | | | | 1,490 |
| Other Governments | 61,477 | | | | 61,477 |
| Claims, Judgments, and Compensated Absences | 81 | | | | 81 |
| Unearned Revenue | 14,100 | | | | 14,100 |
| Total Liabilities | 134,829 | 0 | 188 | 720 | 135,737 |
| Deferred Inflows of Resources: | | | | | |
| Unavailable Revenue | 3,586 | 11,663 | | | 15,249 |
| Total Deferred Inflows of Resources | 3,586 | 11,663 | 0 | 0 | 15,249 |
| Fund Balances: | | | | | |
| Nonspendable | 89,086 | 8 | | 45,880 | 134,974 |
| Restricted | 324,034 | 35,366 | 2,196 | 270 | 361,866 |
| Committed | 51,119 | | | | 51,119 |
| Assigned | 26,417 | | | | 26,417 |
| Unassigned | (3,624) | | | | (3,624) |
| Total Fund Balances | 487,032 | 35,374 | 2,196 | 46,150 | 570,752 |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | \$ 625,447 | \$ 47,037 | \$ 2,384 | \$ 46,870 | \$ 721,738 |

STATE OF SOUTH DAKOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - BY TYPE
For the Fiscal Year Ended June 30, 2015
(Expressed in Thousands)

| | Special Revenue | Debt Service | Capital Projects | Permanent | Total |
|--|----------------------------|-------------------------|-----------------------------|------------------|-------------------|
| Revenue: | | | | | |
| Taxes: | \$ 111,907 | \$ | \$ | \$ | \$ 111,907 |
| Licenses, Permits, and Fees | 266,157 | | | | 266,157 |
| Fines, Forfeits, and Penalties | 14,148 | | | | 14,148 |
| Use of Money and Property | 12,784 | 13 | 94 | 3,458 | 16,349 |
| Sales and Services | 18,985 | | | | 18,985 |
| Administering Programs | 478,472 | | | | 478,472 |
| Tobacco Settlement | | 23,421 | | | 23,421 |
| Other Revenue | 12,949 | 109 | | 8 | 13,066 |
| Total Revenue | 915,402 | 23,543 | 94 | 3,466 | 942,505 |
| Expenditures: | | | | | |
| Current: | | | | | |
| General Government | 32,614 | 442 | | 1,795 | 34,851 |
| Education | 181,209 | | | | 181,209 |
| Health, Human, and Social Services | 222,866 | | | | 222,866 |
| Law, Justice, Public Protection, and Regulation | 110,459 | | | | 110,459 |
| Agriculture and Natural Resources | 127,303 | | | | 127,303 |
| Economic Resources | 45,437 | | | | 45,437 |
| Transportation | 9,313 | | | | 9,313 |
| State Shared Revenue Paid to Other Governments | 131,829 | | | | 131,829 |
| Capital Outlay | | | 2,038 | | 2,038 |
| Debt Service: | | | | | |
| Principal | | 17,272 | | | 17,272 |
| Interest | | 9,261 | | | 9,261 |
| Bond Issuance Costs | | 133 | 213 | | 346 |
| Total Expenditures | 861,030 | 27,108 | 2,251 | 1,795 | 892,184 |
| Excess of Revenue Over (Under) Expenditures | 54,372 | (3,565) | (2,157) | 1,671 | 50,321 |
| Other Financing Sources (Uses): | | | | | |
| Capital Leases | 1,125 | | | | 1,125 |
| Bonds Issued | | | 13,410 | | 13,410 |
| Proceeds of Refunding Bonds | | 10,408 | | | 10,408 |
| Premiums on Bond Issuance | | | 314 | | 314 |
| Premiums on Refunding Bonds | | 1,657 | | | 1,657 |
| Proceeds from Sale of Capital Assets | 591 | | | | 591 |
| Payments on Advance Refundings | | (11,379) | | | (11,379) |
| Transfers In | 40,137 | 3,963 | | | 44,100 |
| Transfers Out | (93,478) | (6,111) | (11,405) | (712) | (111,706) |
| Total Other Financing Sources (Uses) | (51,625) | (1,462) | 2,319 | (712) | (51,480) |
| Net Change in Fund Balances | 2,747 | (5,027) | 162 | 959 | (1,159) |
| Fund Balances at Beginning of Year | 484,285 | 40,401 | 2,034 | 45,191 | 571,911 |
| Fund Balances at End of Year | \$ 487,032 | \$ 35,374 | \$ 2,196 | \$ 46,150 | \$ 570,752 |

STATE OF SOUTH DAKOTA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2015
(Expressed in Thousands)

| | Education Federal | Human Services | Labor | Health Federal | Governor's Office and State Development Federal |
|--|----------------------|-------------------|-----------------|-------------------|---|
| Assets | | | | | |
| Cash and Cash Equivalents | \$ 772 | \$ 1,869 | \$ 1,643 | \$ | \$ 12,377 |
| Investments | | | | | |
| Receivables from: | | | | | |
| Taxes, net | | | | | |
| Interest and Dividends | | | 2 | | 39 |
| Other Funds | 63 | 202 | 525 | 50 | |
| Component Units | 160 | | | | |
| Other Governments | 24,539 | 8,761 | 1,400 | 2,744 | 724 |
| Loans and Notes, net | | | | | 3,660 |
| Other, net | | | 5 | | |
| Inventory | | 136 | 67 | 1,629 | |
| Advances to Component Units | | | | | |
| Other Assets | 133 | | | | |
| Total Assets | \$ 25,667 | \$ 10,968 | \$ 3,642 | \$ 4,423 | \$ 16,800 |
| Liabilities, Deferred Inflows of Resources, and Fund Balances | | | | | |
| Liabilities: | | | | | |
| Accounts Payable and Other Liabilities | \$ 2,114 | \$ 7,485 | \$ 1,673 | \$ 1,871 | \$ 32 |
| Payable to: | | | | | |
| Other Funds | 146 | 991 | 280 | 907 | 14 |
| Component Units | 175 | 45 | | 19 | 8 |
| Other Governments | 22,024 | 160 | 3 | 121 | 673 |
| Claims, Judgments, and Compensated Absences | 1 | 10 | 18 | | |
| Unearned Revenue | 930 | 74 | 9 | | |
| Total Liabilities | 25,390 | 8,765 | 1,983 | 2,918 | 727 |
| Deferred Inflows of Resources: | | | | | |
| Unavailable Revenue | | | | | |
| Total Deferred Inflows of Resources | 0 | 0 | 0 | 0 | 0 |
| Fund Balances: | | | | | |
| Nonspendable | 133 | 136 | 67 | 1,630 | |
| Restricted | | | | | 16,073 |
| Committed | | | | | |
| Assigned | 144 | 2,067 | 1,592 | | |
| Unassigned | | | | (125) | |
| Total Fund Balances | 277 | 2,203 | 1,659 | 1,505 | 16,073 |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | \$ 25,667 | \$ 10,968 | \$ 3,642 | \$ 4,423 | \$ 16,800 |

| Public Safety Emergency Management | Natural Resources Federal | Game, Fish and Parks Federal | Game and Fish | Parks and Recreation | Securities and Insurance | Health | Gaming Commission |
|---|--|---|--------------------------|-------------------------------------|---|-----------------|------------------------------|
| \$ 468 | \$ | \$ | \$ 10,818 | \$ 18,157 | \$ 746 | \$ 4,859 | \$ 6,508 |
| | | | | | | | 774 |
| | | | 27 | 13 | 14 | | 4 |
| | 2 | | 51 | 1,638 | | 78 | |
| | | | | | | 8 | |
| 1,948 | 1,720 | 2,890 | | 207 | | 203 | |
| 811 | | | | | | | |
| | | | 338 | 523 | | 81 | |
| | | | | | | 175 | |
| 323 | | | | | | | |
| \$ 3,550 | \$ 1,722 | \$ 2,890 | \$ 11,234 | \$ 20,538 | \$ 760 | \$ 5,404 | \$ 7,286 |
| \$ 353 | \$ 480 | \$ 807 | \$ 1,676 | \$ 1,806 | \$ 153 | \$ 522 | \$ 88 |
| 93 | 886 | 943 | 411 | 187 | 18 | 710 | 616 |
| | 29 | 397 | 18 | | | | |
| 1,514 | 295 | 535 | 80 | 8 | | 190 | 706 |
| | | | 19 | | 1 | | |
| | | 208 | | 39 | | | 5,709 |
| 1,960 | 1,690 | 2,890 | 2,204 | 2,040 | 172 | 1,422 | 7,119 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 323 | | | | | | | |
| | | | 9,030 | 18,498 | | 175 | |
| | | | | | | 2,523 | |
| | | | | | 255 | | 167 |
| 1,267 | 32 | | | | 333 | 1,284 | |
| 1,590 | 32 | 0 | 9,030 | 18,498 | 588 | 3,982 | 167 |
| \$ 3,550 | \$ 1,722 | \$ 2,890 | \$ 11,234 | \$ 20,538 | \$ 760 | \$ 5,404 | \$ 7,286 |

Continued on next page

STATE OF SOUTH DAKOTA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS (continued)
June 30, 2015
(Expressed in Thousands)

| | Motor Vehicle | Revenue | Future | Vocational Education Facilities | Petroleum Release Compensation |
|--|--------------------------|-----------------|------------------|--|---|
| Assets | | | | | |
| Cash and Cash Equivalents | \$ 16,521 | \$ 3,603 | \$ 40,972 | \$ 6,794 | \$ 4,953 |
| Investments | | | | | |
| Receivables from: | | | | | |
| Taxes, net | | | | | 165 |
| Interest and Dividends | 33 | 7 | 135 | 4 | 12 |
| Other Funds | 23 | | 3 | | |
| Component Units | | | | | |
| Other Governments | 16,144 | 409 | | 98 | |
| Loans and Notes, net | | | | | |
| Other, net | 458 | | | | |
| Inventory | | | | | |
| Advances to Component Units | | | | | |
| Other Assets | 11 | | | | |
| Total Assets | \$ 33,190 | \$ 4,019 | \$ 41,110 | \$ 6,896 | \$ 5,130 |
| Liabilities, Deferred Inflows of Resources, and Fund Balances | | | | | |
| Liabilities: | | | | | |
| Accounts Payable and Other Liabilities | \$ 595 | \$ 592 | \$ 973 | \$ | \$ 71 |
| Payable to: | | | | | |
| Other Funds | 1,193 | 230 | 169 | | 6 |
| Component Units | | | 697 | | |
| Other Governments | 29,236 | | 628 | 843 | |
| Claims, Judgments, and Compensated Absences | | 2 | | | |
| Unearned Revenue | | | | | |
| Total Liabilities | 31,024 | 824 | 2,467 | 843 | 77 |
| Deferred Inflows of Resources: | | | | | |
| Unavailable Revenue | | | | | |
| Total Deferred Inflows of Resources | 0 | 0 | 0 | 0 | 0 |
| Fund Balances: | | | | | |
| Nonspendable | 11 | | | | |
| Restricted | | | 38,643 | 6,053 | |
| Committed | 2,155 | 3,924 | | | 5,053 |
| Assigned | | | | | |
| Unassigned | | (729) | | | |
| Total Fund Balances | 2,166 | 3,195 | 38,643 | 6,053 | 5,053 |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | \$ 33,190 | \$ 4,019 | \$ 41,110 | \$ 6,896 | \$ 5,130 |

| Maintenance and Repair | Water and Environment | Energy Conservation | Military Federal | Health Care Trust | Railroad Trust | Other | Total |
|------------------------------|-----------------------------|------------------------|---------------------|-------------------------|-------------------|-------------------|-----------------------|
| \$ 6,061 | \$ 35,827 | \$ 5,157 | \$ 42 | \$ 28,690 108,546 | \$ 19,699 | \$ 141,424 319 | \$ 367,960 108,865 |
| | 442 | | | | | 1,873 | 3,254 |
| 9 | 162 | 18 | | 338 | 371 | 292 | 1,480 |
| 620 | 415 | 640 | | | | 1,321 | 5,631 |
| | | | | | | 37 | 205 |
| | 136 | | 3,439 | | 23 | 11,537 | 76,922 |
| | 14,008 | 7,645 | | | 23,660 | 160 | 49,944 |
| | | | | | 32 | 4,841 | 6,278 |
| | | | | | | 135 | 2,142 |
| | 1,413 | | | | | | 1,413 |
| | | | | | | 886 | 1,353 |
| <u>\$ 6,690</u> | <u>\$ 52,403</u> | <u>\$ 13,460</u> | <u>\$ 3,481</u> | <u>\$ 137,574</u> | <u>\$ 43,785</u> | <u>\$ 162,825</u> | <u>\$ 625,447</u> |
| | | | | | | | |
| \$ 249 | \$ 347 | \$ 1 | \$ 1,810 | \$ 46 | \$ 715 | \$ 9,928 | \$ 34,387 |
| 4 | | | 1,511 | 4,674 | 23 | 9,282 | 23,294 |
| | | | | | 47 | 55 | 1,490 |
| | 1,110 | | 118 | | | 3,233 | 61,477 |
| | | | | | | 30 | 81 |
| | | | | | | 7,131 | 14,100 |
| <u>253</u> | <u>1,457</u> | <u>1</u> | <u>3,439</u> | <u>4,720</u> | <u>785</u> | <u>29,659</u> | <u>134,829</u> |
| | | | | | | | |
| | 78 | | | | | 3,508 | 3,586 |
| <u>0</u> | <u>78</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>3,508</u> | <u>3,586</u> |
| | | | | | | | |
| | 50,868 | 11,547 | | 85,631 47,223 | | 980 80,905 | 89,086 324,034 |
| 4,024 | | 1,912 | | | 42,671 | 33,300 | 51,119 |
| 2,413 | | | 42 | | 329 | 17,243 | 26,417 |
| | | | | | | (2,770) | (3,624) |
| <u>6,437</u> | <u>50,868</u> | <u>13,459</u> | <u>42</u> | <u>132,854</u> | <u>43,000</u> | <u>129,658</u> | <u>487,032</u> |
| <u>\$ 6,690</u> | <u>\$ 52,403</u> | <u>\$ 13,460</u> | <u>\$ 3,481</u> | <u>\$ 137,574</u> | <u>\$ 43,785</u> | <u>\$ 162,825</u> | <u>\$ 625,447</u> |

STATE OF SOUTH DAKOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 2015
(Expressed in Thousands)

| | Education Federal | Human Services | Labor | Health Federal | Governor's and State Development Federal |
|--|------------------------------|---------------------------|-----------------|---------------------------|---|
| Revenue: | | | | | |
| Taxes | \$ | \$ | \$ 478 | \$ | \$ |
| Licenses, Permits, and Fees | | 92 | | | |
| Fines, Forfeits, and Penalties | | | | | |
| Use of Money and Property | | 40 | 6 | | 46 |
| Sales and Services | 1 | 1,444 | | | 12 |
| Administering Programs | 169,195 | 95,474 | 22,950 | 50,989 | 5,066 |
| Other Revenue | 224 | 111 | 5 | 21 | 7 |
| Total Revenue | 169,420 | 97,161 | 23,439 | 51,010 | 5,131 |
| Expenditures: | | | | | |
| General Government | | | | | |
| Education | 169,328 | | | | |
| Health, Human, and Social Services | | 97,196 | 26,326 | 51,467 | |
| Law, Justice, Public Protection, and Regulation | | | 158 | | |
| Agriculture and Natural Resources | | | | | |
| Economic Resources | | | | | 5,128 |
| Transportation | | | | | |
| State Shared Revenue Paid to Other Governments | | | | | |
| Total Expenditures | 169,328 | 97,196 | 26,484 | 51,467 | 5,128 |
| Excess of Revenue Over (Under) Expenditures | 92 | (35) | (3,045) | (457) | 3 |
| Other Financing Sources (Uses): | | | | | |
| Capital Leases | | | | | |
| Proceeds from Sale of Capital Assets | | | | | |
| Transfers In | | 296 | 3,340 | 201 | 7 |
| Transfers Out | | (461) | (939) | | |
| Total Other Financing Sources (Uses) | 0 | (165) | 2,401 | 201 | 7 |
| Net Change in Fund Balances | 92 | (200) | (644) | (256) | 10 |
| Fund Balances at Beginning of Year | 185 | 2,403 | 2,303 | 1,761 | 16,063 |
| Fund Balances at End of Year | \$ 277 | \$ 2,203 | \$ 1,659 | \$ 1,505 | \$ 16,073 |

| Public Safety Emergency Management | Natural Resources Federal | Game, Fish and Parks Federal | Game and Fish | Parks and Recreation | Securities and Insurance | Health | Gaming Commission |
|--|---------------------------------|------------------------------------|------------------|----------------------------|--------------------------------|-----------------|----------------------|
| \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| | | | 27,964 | 2,055 | 22,887 | | 9,290 |
| | | | 1 | 17,060 | 25,713 | 8,872 | 6,724 |
| | | | | | 80 | 2 | 26 |
| 47 | | | 451 | 1,827 | 63 | | 13 |
| | | | 157 | 5 | 6 | 33 | |
| 26,443 | 9,549 | 16,517 | 10 | 301 | | 84 | |
| 143 | | 117 | 260 | 73 | | 2,253 | |
| <u>26,633</u> | <u>9,549</u> | <u>16,634</u> | <u>28,843</u> | <u>21,321</u> | <u>48,749</u> | <u>11,244</u> | <u>16,053</u> |
| | | | | | | 10,090 | |
| 29,304 | | | | | 2,831 | | 1,359 |
| | 9,627 | 15,876 | 26,929 | 15,782 | | | |
| | | | | | | | |
| | | | | | | | 8,423 |
| <u>29,304</u> | <u>9,627</u> | <u>15,876</u> | <u>26,929</u> | <u>15,782</u> | <u>2,831</u> | <u>10,090</u> | <u>9,782</u> |
| (2,671) | (78) | 758 | 1,914 | 5,539 | 45,918 | 1,154 | 6,271 |
| | | | | | | | |
| 9 | | | 168 | 192 | | | |
| 6,829 | 68 | | 1,437 | 11,348 | 2 | | |
| | | (758) | (1,939) | (2,158) | (45,834) | (897) | (6,295) |
| <u>6,838</u> | <u>68</u> | <u>(758)</u> | <u>(334)</u> | <u>9,382</u> | <u>(45,832)</u> | <u>(897)</u> | <u>(6,295)</u> |
| 4,167 | (10) | | 1,580 | 14,921 | 86 | 257 | (24) |
| (2,577) | 42 | | 7,450 | 3,577 | 502 | 3,725 | 191 |
| <u>\$ 1,590</u> | <u>\$ 32</u> | <u>\$ 0</u> | <u>\$ 9,030</u> | <u>\$ 18,498</u> | <u>\$ 588</u> | <u>\$ 3,982</u> | <u>\$ 167</u> |

Continued on next page

STATE OF SOUTH DAKOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS (continued)
For the Fiscal Year Ended June 30, 2015
(Expressed in Thousands)

| | Motor Vehicle | Revenue | Future | Vocational Education Facilities | Petroleum Release Compensation |
|--|--------------------------|-----------------|------------------|--|---|
| Revenue: | | | | | |
| Taxes | \$ 3,982 | \$ 10,901 | \$ 16,570 | \$ | \$ 1,831 |
| Licenses, Permits, and Fees | 123,650 | 3,598 | | 4,666 | |
| Fines, Forfeits, and Penalties | | | | | |
| Use of Money and Property | 175 | 29 | 483 | 14 | 38 |
| Sales and Services | 2,217 | | | | |
| Administering Programs | | | | | |
| Other Revenue | 11 | | 42 | 757 | 1 |
| Total Revenue | 130,035 | 14,528 | 17,095 | 5,437 | 1,870 |
| Expenditures: | | | | | |
| General Government | 7,228 | 11,132 | | | |
| Education | | | | 8,998 | |
| Health, Human, and Social Services | | | | | |
| Law, Justice, Public Protection, and Regulation | 8,411 | | | | |
| Agriculture and Natural Resources | | | | | 1,131 |
| Economic Resources | | | 35,028 | | |
| Transportation | | | | | |
| State Shared Revenue Paid to Other Governments | 114,037 | | | | |
| Total Expenditures | 129,676 | 11,132 | 35,028 | 8,998 | 1,131 |
| Excess of Revenue Over (Under) Expenditures | 359 | 3,396 | (17,933) | (3,561) | 739 |
| Other Financing Sources (Uses): | | | | | |
| Capital Leases | | | | 1,125 | |
| Proceeds from Sale of Capital Assets | | | | | |
| Transfers In | 1,033 | | | 2,217 | |
| Transfers Out | (1,376) | (992) | (2,439) | | |
| Total Other Financing Sources (Uses) | (343) | (992) | (2,439) | 3,342 | 0 |
| Net Change in Fund Balances | 16 | 2,404 | (20,372) | (219) | 739 |
| Fund Balances at Beginning of Year | 2,150 | 791 | 59,015 | 6,272 | 4,314 |
| Fund Balances at End of Year | \$ 2,166 | \$ 3,195 | \$ 38,643 | \$ 6,053 | \$ 5,053 |

| Maintenance and Repair | Water and Environment | Energy Conservation | Military Federal | Health Care Trust | Railroad Trust | Other | Total |
|------------------------|-----------------------|---------------------|------------------|-------------------|------------------|-------------------|-------------------|
| \$ | \$ 5,104 1,735 | \$ 500 | \$ | \$ | \$ 308 | \$ 38,309 | \$ 111,907 |
| | | | | | | 45,775 | 266,157 |
| | | | | | | 14,039 | 14,148 |
| 36 | 587 | 61 | | 5,985 | 856 | 2,027 | 12,784 |
| 1,684 | | | | | | 13,426 | 18,985 |
| 12 | | | 17,597 | | 23 | 64,262 | 478,472 |
| 1 | | | 1 | | 237 | 8,685 | 12,949 |
| <u>1,733</u> | <u>7,426</u> | <u>561</u> | <u>17,598</u> | <u>5,985</u> | <u>1,424</u> | <u>186,523</u> | <u>915,402</u> |
| 2,305 | | | | 150 | | 11,799 | 32,614 |
| | | | | | | 2,883 | 181,209 |
| | | | | | | 37,787 | 222,866 |
| | | | 17,598 | | | 50,798 | 110,459 |
| | 10,136 | | | | | 47,822 | 127,303 |
| | | 79 | | | | 5,202 | 45,437 |
| | | | | | 6,344 | 2,969 | 9,313 |
| | | | | | | 9,369 | 131,829 |
| <u>2,305</u> | <u>10,136</u> | <u>79</u> | <u>17,598</u> | <u>150</u> | <u>6,344</u> | <u>168,629</u> | <u>861,030</u> |
| (572) | (2,710) | 482 | 0 | 5,835 | (4,920) | 17,894 | 54,372 |
| | | | | | | | 1,125 |
| | | | | | | 222 | 591 |
| 607 | 4,435 | | | | 1,750 | 6,567 | 40,137 |
| | (379) | | | (4,674) | | (24,337) | (93,478) |
| <u>607</u> | <u>4,056</u> | <u>0</u> | <u>0</u> | <u>(4,674)</u> | <u>1,750</u> | <u>(17,548)</u> | <u>(51,625)</u> |
| 35 | 1,346 | 482 | | 1,161 | (3,170) | 346 | 2,747 |
| 6,402 | 49,522 | 12,977 | 42 | 131,693 | 46,170 | 129,312 | 484,285 |
| <u>\$ 6,437</u> | <u>\$ 50,868</u> | <u>\$ 13,459</u> | <u>\$ 42</u> | <u>\$ 132,854</u> | <u>\$ 43,000</u> | <u>\$ 129,658</u> | <u>\$ 487,032</u> |

STATE OF SOUTH DAKOTA
COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS
June 30, 2015
(Expressed in Thousands)

| | Building Authority | Tobacco Securitization | Total |
|--|-------------------------------|-----------------------------------|------------------|
| Assets | | | |
| Cash and Cash Equivalents | \$ 6,223 | \$ 158 | \$ 6,381 |
| Restricted Cash | | 7 | 7 |
| Investments | 8,254 | 638 | 8,892 |
| Restricted Investments | | 20,080 | 20,080 |
| Receivables from: | | | |
| Interest and Dividends | | 6 | 6 |
| Other, net | | 11,663 | 11,663 |
| Other Assets | | 8 | 8 |
| Total Assets | \$ 14,477 | \$ 32,560 | \$ 47,037 |
| Deferred Inflows of Resources and Fund Balances | | | |
| Deferred Inflows of Resources: | | | |
| Unavailable Revenue | \$ 0 | \$ 11,663 | \$ 11,663 |
| Total Deferred Inflows of Resources | 0 | 11,663 | 11,663 |
| Fund Balances: | | | |
| Nonspendable | | 8 | 8 |
| Restricted | 14,477 | 20,889 | 35,366 |
| Total Fund Balances | 14,477 | 20,897 | 35,374 |
| Total Deferred Inflows of Resources and Fund Balances | \$ 14,477 | \$ 32,560 | \$ 47,037 |

STATE OF SOUTH DAKOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR DEBT SERVICE FUNDS
For the Fiscal Year Ended June 30, 2015
(Expressed in Thousands)

| | Building Authority | Tobacco Securitization | Total |
|---|-------------------------------|-----------------------------------|------------------|
| Revenue: | | | |
| Use of Money and Property | \$ | \$ 13 | \$ 13 |
| Tobacco Settlement | | 23,421 | 23,421 |
| Other Revenue | 109 | | 109 |
| Total Revenue | 109 | 23,434 | 23,543 |
| Expenditures: | | | |
| Current: | | | |
| General Government | 296 | 146 | 442 |
| Debt Service: | | | |
| Principal | 4,047 | 13,225 | 17,272 |
| Interest | 4,651 | 4,610 | 9,261 |
| Bond Issuance Costs | 133 | | 133 |
| Total Expenditures | 9,127 | 17,981 | 27,108 |
| Excess of Revenue Over (Under) | | | |
| Expenditures | (9,018) | 5,453 | (3,565) |
| Other Financing Sources (Uses): | | | |
| Proceeds of Refunding Bonds | 10,408 | | 10,408 |
| Payments on Advance Refundings | (11,379) | | (11,379) |
| Premiums on Refunding Bonds | 1,657 | | 1,657 |
| Transfers In | 3,963 | | 3,963 |
| Transfers Out | (590) | (5,521) | (6,111) |
| Total Other Financing Sources (Uses) | 4,059 | (5,521) | (1,462) |
| Net Change in Fund Balances | (4,959) | (68) | (5,027) |
| Fund Balances at Beginning of Year | 19,436 | 20,965 | 40,401 |
| Fund Balances at End of Year | \$ 14,477 | \$ 20,897 | \$ 35,374 |

STATE OF SOUTH DAKOTA
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
June 30, 2015
(Expressed in Thousands)

| Assets | Revolving Economic Development and Initiative | Unemployment Insurance | Second Injury | State Fair | Federal Surplus Property |
|---|--|---------------------------|------------------|-----------------|--------------------------------|
| Current Assets: | | | | | |
| Cash and Cash Equivalents | \$ 74,315 | \$ 89,511 | \$ 929 | \$ 1,290 | \$ 697 |
| Receivables: | | | | | |
| Interest and Dividends | 225 | | 5 | 4 | 2 |
| Other Funds | 500 | 47 | | | 1 |
| Component Units | | | | | |
| Other Governments | | 144 | | | 93 |
| Loans and Notes, net | 8,866 | | | | |
| Other, net | 116 | 1,455 | | 19 | 8 |
| Inventory | | | | | 1,518 |
| Other Assets | | | | | |
| Total Current Assets | 84,022 | 91,157 | 934 | 1,313 | 2,319 |
| Due From Other Funds | 500 | | | | |
| Restricted Assets: | | | | | |
| Restricted Cash | | | | 2,810 | |
| Net Pension Asset | 137 | | 7 | 141 | 155 |
| Capital Assets: | | | | | |
| Land and Other Non-depreciable Assets | | | | 192 | 103 |
| Property, Plant, and Equipment | 28 | | | 3,413 | 559 |
| Accumulated Depreciation | (26) | | | (3,006) | (447) |
| Total Capital Assets | 2 | 0 | 0 | 599 | 215 |
| Other Noncurrent Assets | 25,744 | | | | |
| Total Assets | 110,405 | 91,157 | 941 | 4,863 | 2,689 |
| Deferred Outflows of Resources | | | | | |
| Deferred Outflow Related to Pensions | 121 | | 6 | 126 | 136 |
| Total Deferred Outflows of Resources | 121 | 0 | 6 | 126 | 136 |
| Liabilities | | | | | |
| Current Liabilities: | | | | | |
| Accounts Payable and Other Liabilities | 40 | | 2 | 172 | 86 |
| Payable to: | | | | | |
| Other Funds | 8 | 143 | | 16 | 4 |
| Claims, Judgments, and Compensated Absences | 13 | | 1 | 24 | 44 |
| Unearned Revenue | | | | 844 | |
| Total Current Liabilities | 61 | 143 | 3 | 1,056 | 134 |
| Noncurrent Liabilities: | | | | | |
| Claims, Judgments, and Compensated Absences | 11 | | 1 | 21 | 39 |
| Total Noncurrent Liabilities | 11 | 0 | 1 | 21 | 39 |
| Total Liabilities | 72 | 143 | 4 | 1,077 | 173 |
| Deferred Inflows of Resources | | | | | |
| Deferred Inflow Related to Pensions | 159 | | 8 | 164 | 180 |
| Total Deferred Inflows of Resources | 159 | 0 | 8 | 164 | 180 |
| Net Position | | | | | |
| Net Investment in Capital Assets | 2 | | | 599 | 215 |
| Restricted for Pensions | 100 | | 5 | 104 | 112 |
| Restricted for Other | | | | 2,810 | |
| Unrestricted | 110,193 | 91,014 | 930 | 235 | 2,145 |
| Total Net Position | \$ 110,295 | \$ 91,014 | \$ 935 | \$ 3,748 | \$ 2,472 |

| <u>Rural Rehabilitation</u> | <u>Prison Industries</u> | <u>Health Insurance Risk Pool</u> | <u>Professional and Licensing</u> | <u>Banking and Insurance</u> | <u>Other</u> | <u>Total</u> |
|---------------------------------|------------------------------|---|---------------------------------------|----------------------------------|-----------------|-------------------|
| \$ 3,096 | \$ 2,074 | \$ 3,376 | \$ 10,944 | \$ 7,288 | \$ 2,745 | \$ 196,265 |
| 50 | 6 | 16 | 27 | 15 | 3 | 353 |
| | 131 | | 14 | | | 693 |
| | 33 | | | | | 33 |
| | | | | | 17 | 254 |
| 611 | | | | | | 9,477 |
| | 44 | 108 | | | 1 | 1,751 |
| | 971 | | | | 66 | 2,555 |
| | 12 | | | | 147 | 159 |
| <u>3,757</u> | <u>3,271</u> | <u>3,500</u> | <u>10,985</u> | <u>7,303</u> | <u>2,979</u> | <u>211,540</u> |
| | | | | | | 500 |
| | | | | | | 2,810 |
| 86 | 239 | 18 | 1,090 | 589 | 301 | 2,763 |
| | | | | | | 295 |
| 18 | 2,202 | | 109 | | 294 | 6,623 |
| (17) | (1,499) | | (58) | | (115) | (5,168) |
| <u>1</u> | <u>703</u> | <u>0</u> | <u>51</u> | <u>0</u> | <u>179</u> | <u>1,750</u> |
| 4,543 | | | | | | 30,287 |
| <u>8,387</u> | <u>4,213</u> | <u>3,518</u> | <u>12,126</u> | <u>7,892</u> | <u>3,459</u> | <u>249,650</u> |
| | | | | | | |
| 71 | 211 | 14 | 977 | 526 | 270 | 2,458 |
| <u>71</u> | <u>211</u> | <u>14</u> | <u>977</u> | <u>526</u> | <u>270</u> | <u>2,458</u> |
| | | | | | | |
| 9 | 133 | 11 | 401 | 5,038 | 193 | 6,085 |
| 2 | 32 | 1 | 75 | 16 | 47 | 344 |
| 15 | 75 | 71 | 235 | 146 | 61 | 685 |
| | 11 | | 785 | | | 1,640 |
| <u>26</u> | <u>251</u> | <u>83</u> | <u>1,496</u> | <u>5,200</u> | <u>301</u> | <u>8,754</u> |
| | | | | | | |
| 14 | 56 | | 209 | 130 | 54 | 535 |
| <u>14</u> | <u>56</u> | <u>0</u> | <u>209</u> | <u>130</u> | <u>54</u> | <u>535</u> |
| <u>40</u> | <u>307</u> | <u>83</u> | <u>1,705</u> | <u>5,330</u> | <u>355</u> | <u>9,289</u> |
| | | | | | | |
| 99 | 277 | 21 | 1,263 | 682 | 349 | 3,202 |
| <u>99</u> | <u>277</u> | <u>21</u> | <u>1,263</u> | <u>682</u> | <u>349</u> | <u>3,202</u> |
| | | | | | | |
| 1 | 703 | | 51 | | 179 | 1,750 |
| 57 | 173 | 11 | 804 | 432 | 222 | 2,020 |
| | | | | | | 2,810 |
| 8,261 | 2,964 | 3,417 | 9,280 | 1,974 | 2,624 | 233,037 |
| <u>\$ 8,319</u> | <u>\$ 3,840</u> | <u>\$ 3,428</u> | <u>\$ 10,135</u> | <u>\$ 2,406</u> | <u>\$ 3,025</u> | <u>\$ 239,617</u> |

STATE OF SOUTH DAKOTA
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUNDS
For the Fiscal Year Ended June 30, 2015
(Expressed in Thousands)

| | Revolving Economic Development and Initiative | Unemployment Insurance | Second Injury | State Fair | Federal Surplus Property |
|---|--|-----------------------------------|--------------------------|-----------------------|---|
| Operating Revenue: | | | | | |
| Licenses, Permits, and Fees | \$ | \$ | \$ | \$ | \$ |
| Use of Money and Property | 819 | | | 462 | |
| Sales and Services | | | | 2,049 | 4,250 |
| Administering Programs | | | | 12 | |
| Assessments | | 41,543 | 8 | | |
| Other Revenue | 194 | | | 331 | 13 |
| Total Operating Revenue | 1,013 | 41,543 | 8 | 2,854 | 4,263 |
| Operating Expenses: | | | | | |
| Personal Services and Benefits | 153 | | 24 | 803 | 492 |
| Travel | 6 | | | 10 | 4 |
| Contractual Services | 252 | | | 1,863 | 753 |
| Supplies and Materials | 18 | | | 493 | 3,129 |
| Other | (322) | | | 72 | |
| Depreciation/Amortization | 2 | | | 22 | 9 |
| Insurance Claims | | 26,534 | 1,865 | | |
| Total Operating Expenses | 109 | 26,534 | 1,889 | 3,263 | 4,387 |
| Operating Income (Loss) | 904 | 15,009 | (1,881) | (409) | (124) |
| Nonoperating Revenue (Expenses): | | | | | |
| Loss on Disposal of Assets | | | | | |
| Interest Income | 708 | 2,457 | 20 | 17 | 7 |
| Other Expense | (341) | | (2) | (1) | (1) |
| Grant and Other Income | | | | 25 | |
| Total Nonoperating Revenue (Expenses) | 367 | 2,457 | 18 | 41 | 6 |
| Income (Loss) Before Capital Contributions and Transfers | 1,271 | 17,466 | (1,863) | (368) | (118) |
| Capital Contributions and Transfers: | | | | | |
| Capital Contributions | | | | 2,810 | |
| Transfers In | 2,003 | 939 | | 270 | |
| Transfers Out | | (1,372) | (1) | | |
| Net Capital Contributions and Transfers | 2,003 | (433) | (1) | 3,080 | 0 |
| Change in Net Position | 3,274 | 17,033 | (1,864) | 2,712 | (118) |
| Net Position at Beginning of Year, as restated | 107,021 | 73,981 | 2,799 | 1,036 | 2,590 |
| Net Position at End of Year | \$ 110,295 | \$ 91,014 | \$ 935 | \$ 3,748 | \$ 2,472 |

| Rural Rehabilitation | Prison Industries | Health Insurance Risk Pool | Professional and Licensing | Banking and Insurance | Other | Total |
|---------------------------------|------------------------------|---|---------------------------------------|----------------------------------|-----------------|-------------------|
| \$ 56 | \$ | \$ | \$ 7,369 | \$ 4,086 | \$ 2,855 | \$ 14,366 |
| 161 | | | | | | 1,442 |
| 78 | 2,741 | 1,851 | 185 | 369 | 957 | 12,480 |
| | | | 52 | | | 64 |
| | | | | | | 41,551 |
| 20 | 10 | 158 | 586 | 26 | 21 | 1,359 |
| 315 | 2,751 | 2,009 | 8,192 | 4,481 | 3,833 | 71,262 |
| 100 | 694 | 16 | 3,868 | 1,897 | 1,696 | 9,743 |
| 7 | 13 | | 514 | 163 | 136 | 853 |
| 32 | 401 | 202 | 2,868 | 1,841 | 788 | 9,000 |
| 54 | 1,210 | 1 | 279 | 66 | 261 | 5,511 |
| 222 | | | 9 | | 4 | (15) |
| 2 | 87 | | 9 | | 25 | 156 |
| | | 2,056 | | | | 30,455 |
| 417 | 2,405 | 2,275 | 7,547 | 3,967 | 2,910 | 55,703 |
| (102) | 346 | (266) | 645 | 514 | 923 | 15,559 |
| | (2) | | | | | (2) |
| 30 | 23 | 55 | 99 | 58 | 12 | 3,486 |
| (4) | (3) | (7) | (11) | (6) | | (376) |
| 135 | | 498 | | | 20 | 678 |
| 161 | 18 | 546 | 88 | 52 | 32 | 3,786 |
| 59 | 364 | 280 | 733 | 566 | 955 | 19,345 |
| | | | | | | 2,810 |
| (2) | (806) | (2,420) | (79) | 16 | 117 | 3,345 |
| (2) | (806) | (2,420) | (79) | (74) | | (4,754) |
| | | | | (58) | 117 | 1,401 |
| 57 | (442) | (2,140) | 654 | 508 | 1,072 | 20,746 |
| 8,262 | 4,282 | 5,568 | 9,481 | 1,898 | 1,953 | 218,871 |
| \$ 8,319 | \$ 3,840 | \$ 3,428 | \$ 10,135 | \$ 2,406 | \$ 3,025 | \$ 239,617 |

STATE OF SOUTH DAKOTA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the Fiscal Year Ended June 30, 2015
(Expressed in Thousands)

| | Revolving Economic Development and Initiative | Unemployment Insurance | Second Injury | State Fair | Federal Surplus Property |
|---|--|---------------------------|-------------------|-----------------|--------------------------------|
| Cash Flows from Operating Activities: | | | | | |
| Receipts from Customers and Users | \$ 188 | \$ 41,553 | \$ 8 | \$ 2,960 | \$ 2,602 |
| Receipts from Interfund Services Provided | | | 1 | | 1,789 |
| Receipts from Federal Agencies | | | | | 70 |
| Receipts from Loan Payments | 19,274 | | | | |
| Payments to Suppliers and for Benefits and Claims | (220) | (26,533) | (1,950) | (2,199) | (3,535) |
| Payments for Employee Services | (189) | | (25) | (855) | (507) |
| Payments for Interfund Services Used | (68) | | | (261) | (89) |
| Payments for Loans Originated | (13,846) | | | | |
| Other Receipts (Payments) | | 22 | | | 7 |
| Net Cash Provided (Used) by Operating Activities | 5,139 | 15,042 | (1,966) | (355) | 337 |
| Cash Flows From Capital and Related Financing Activities: | | | | | |
| Capital Contributions | | | | 2,810 | |
| Purchases of Capital Assets | | | | (36) | |
| Net Cash Provided (Used) by Capital and Related Financing Activities | 0 | 0 | 0 | 2,774 | 0 |
| Cash Flows From Noncapital Financing Activities: | | | | | |
| Transfers In | 2,503 | 939 | | 270 | |
| Transfers Out | | (1,372) | (1) | | |
| Received (Paid) on Interfund Borrowing | | | | | |
| Other Noncapital Financing Activities | (262) | | | 25 | |
| Net Cash Provided (Used) by Noncapital Financing Activities | 2,241 | (433) | (1) | 295 | 0 |
| Cash Flows From Investing Activities: | | | | | |
| Investment Income | 706 | 2,457 | 18 | 16 | 7 |
| Investment Expense | (79) | | (2) | (2) | (1) |
| Net Cash Provided (Used) by Investing Activities | 627 | 2,457 | 16 | 14 | 6 |
| Net Increase (Decrease) in Cash and Cash Equivalents During the Fiscal Year | 8,007 | 17,066 | (1,951) | 2,728 | 343 |
| Cash and Cash Equivalents at Beginning of Year | 66,308 | 72,445 | 2,880 | 1,372 | 354 |
| Cash and Cash Equivalents at End of Year | \$ 74,315 | \$ 89,511 | \$ 929 | \$ 4,100 | \$ 697 |
| Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities: | | | | | |
| Operating Income (Loss) | \$ 904 | \$ 15,009 | \$ (1,881) | \$ (409) | \$ (124) |
| Adjustments to Reconcile Operating Income (Loss): | | | | | |
| Depreciation/Amortization Expense | 2 | | | 22 | 9 |
| Decrease/(Increase) in Assets: | | | | | |
| Accounts Receivable | 87 | 15 | | 13 | 20 |
| Interest, Dividends, and Penalties Receivable | 99 | | | | |
| Loans and Notes Receivable | 4,091 | | | | |
| Due From Other Funds | | 41 | | | 106 |
| Due From Component Units | | | | | 1 |
| Due From Other Governments | | (4) | | | 84 |
| Inventory | | | | | 221 |
| Other Assets | | | | | |
| Restricted Net Pension Asset | (83) | | (4) | (86) | (94) |
| Decrease/(Increase) in Deferred Outflows of Resources: | | | | | |
| Deferred Outflows Related to Pensions | (101) | | (5) | (106) | (114) |
| Increase/(Decrease) in Liabilities: | | | | | |
| Accounts Payable | (3) | | (85) | (15) | 41 |
| Accrued Liabilities | (3) | | | (23) | 1 |
| Compensated Absences Payable | (12) | | 1 | (7) | 6 |
| Due To Other Funds | (1) | (19) | | (3) | |
| Due To Other Governments | | | | (3) | |
| Unearned Revenue | | | | 98 | |
| Policy Claim Liabilities | | | | | |
| Increase/(Decrease) in Deferred Inflows of Resources: | | | | | |
| Deferred Inflows Related to Pensions | 159 | | 8 | 164 | 180 |
| Net Cash Provided (Used) by Operating Activities | \$ 5,139 | \$ 15,042 | \$ (1,966) | \$ (355) | \$ 337 |

| Rural Rehabilitation | Prison Industries | Health Insurance Risk Pool | Professional and Licensing | Banking and Insurance | Other | Total |
|---------------------------------|------------------------------|---|---------------------------------------|----------------------------------|-----------------|--------------------|
| \$ 151 | \$ 694 2,273 | \$ 1,321 | \$ 8,184 75 | \$ 4,456 | \$ 3,810 6 | \$ 65,927 4,144 |
| | | | | | | 70 |
| 1,378 | | | | | | 20,652 |
| (303) | (1,365) | (2,399) | (2,997) | (1,743) | (931) | (44,175) |
| (100) | (668) | (20) | (3,999) | (1,941) | (1,713) | (10,017) |
| (16) | (442) | (10) | (683) | (72) | (228) | (1,869) |
| (2,612) | | | | | | (16,458) |
| | | | 11 | | | 40 |
| (1,502) | 492 | (1,108) | 591 | 700 | 944 | 18,314 |
| | | | | | | 2,810 |
| | | | | | (8) | (44) |
| 0 | 0 | 0 | 0 | 0 | (8) | 2,766 |
| | | | | 16 | 118 | 3,846 |
| (2) | (806) | (2,420) | (79) | (74) | | (4,754) |
| (2) | | | | | | (2) |
| 135 | | 498 | | | 79 | 475 |
| 131 | (806) | (1,922) | (79) | (58) | 197 | (435) |
| 34 | 24 | 58 | 101 | 57 | 13 | 3,491 |
| (4) | (3) | (7) | (11) | (6) | (1) | (116) |
| 30 | 21 | 51 | 90 | 51 | 12 | 3,375 |
| (1,341) | (293) | (2,979) | 602 | 693 | 1,145 | 24,020 |
| 4,437 | 2,367 | 6,355 | 10,342 | 6,595 | 1,600 | 175,055 |
| \$ 3,096 | \$ 2,074 | \$ 3,376 | \$ 10,944 | \$ 7,288 | \$ 2,745 | \$ 199,075 |
| \$ (102) | \$ 346 | \$ (266) | \$ 645 | \$ 514 | \$ 923 | \$ 15,559 |
| 2 | 87 | | 9 | | 25 | 156 |
| | 27 | 86 | 1 | | | 249 |
| (18) | | | | | | 81 |
| (1,377) | | | | | | 2,714 |
| | (42) | | | | | 105 |
| | (23) | | | | | (22) |
| | | | | | (7) | 73 |
| | 86 | | | | (3) | 304 |
| | (4) | | | | 16 | 12 |
| (52) | (145) | (11) | (664) | (359) | (183) | (1,681) |
| (58) | (176) | (12) | (818) | (440) | (226) | (2,056) |
| (2) | 42 | 1 | 4 | 251 | 8 | 242 |
| 1 | 1 | (2) | 9 | 11 | 12 | 7 |
| 6 | 1 | (1) | 34 | 35 | 22 | 85 |
| (1) | 11 | (1) | 5 | 6 | 9 | 6 |
| | | | | | | (3) |
| | 4 | (773) | 103 | | (1) | (569) |
| | | (150) | | | | (150) |
| 99 | 277 | 21 | 1,263 | 682 | 349 | 3,202 |
| \$ (1,502) | \$ 492 | \$ (1,108) | \$ 591 | \$ 700 | \$ 944 | \$ 18,314 |

STATE OF SOUTH DAKOTA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2015
(Expressed in Thousands)

| | Self- Insurance | Information Services | Tele- communi- cations | Accounting and Payroll | Buildings and Grounds | Central Mail |
|---|--------------------|-------------------------|------------------------------|------------------------------|-----------------------------|-----------------|
| Assets | | | | | | |
| Current Assets: | | | | | | |
| Cash and Cash Equivalents | \$ 58,399 | \$ 3,120 | \$ 1,837 | \$ 983 | \$ 774 | \$ 590 |
| Receivables: | | | | | | |
| Interest and Dividends | 133 | 6 | 4 | 2 | 1 | 2 |
| Other Funds | | 2,078 | 1,018 | 1,052 | 1,373 | 378 |
| Component Units | | 3 | 330 | 88 | | |
| Other Governments | | | | | | |
| Other | 1,026 | 1 | 18 | 1 | | 2 |
| Inventory | | 8 | 116 | | | 148 |
| Other Assets | 300 | 1,134 | 727 | 724 | 13 | |
| Total Current Assets | 59,858 | 6,350 | 4,050 | 2,850 | 2,161 | 1,120 |
| Restricted Assets: | | | | | | |
| Net Pension Asset | 207 | 4,669 | 1,537 | 407 | 842 | 101 |
| Capital Assets: | | | | | | |
| Property, Plant, and Equipment | | 18,641 | 3,309 | 12,238 | 1,313 | 673 |
| Accumulated Depreciation | | (14,984) | (2,775) | (10,757) | (1,221) | (366) |
| Construction in Progress | | 303 | | 902 | | |
| Total Capital Assets | 0 | 3,960 | 534 | 2,383 | 92 | 307 |
| Total Assets | 60,065 | 14,979 | 6,121 | 5,640 | 3,095 | 1,528 |
| Deferred Outflows of Resources | | | | | | |
| Deferred Outflow Related to Pensions | 188 | 4,186 | 1,371 | 371 | 753 | 89 |
| Total Deferred Outflows of Resources | 188 | 4,186 | 1,371 | 371 | 753 | 89 |
| Liabilities | | | | | | |
| Current Liabilities: | | | | | | |
| Accounts Payable and Other Liabilities | 1,582 | 1,179 | 760 | 405 | 439 | 32 |
| Payable to: | | | | | | |
| Other Funds | 59 | 138 | 219 | 94 | 42 | 7 |
| Component Units | | | | | | |
| Bonds, Notes, and Leases Payable | | 665 | | | | 53 |
| Claims, Judgments, and Compensated Absences | 14,421 | 1,284 | 462 | 146 | 163 | 33 |
| Unearned Revenue | 11,022 | | | | | |
| Total Current Liabilities | 27,084 | 3,266 | 1,441 | 645 | 644 | 125 |
| Noncurrent Liabilities: | | | | | | |
| Bonds, Notes, and Leases Payable | | 1,201 | | | | 194 |
| Claims, Judgments, and Compensated Absences | 35 | 1,140 | 410 | 129 | 145 | 29 |
| Other Noncurrent Liabilities | 54 | | | | | |
| Total Noncurrent Liabilities | 89 | 2,341 | 410 | 129 | 145 | 223 |
| Total Liabilities | 27,173 | 5,607 | 1,851 | 774 | 789 | 348 |
| Deferred Inflows of Resources | | | | | | |
| Deferred Inflow Related to Pensions | 240 | 5,407 | 1,780 | 471 | 975 | 117 |
| Total Deferred Inflows of Resources | 240 | 5,407 | 1,780 | 471 | 975 | 117 |
| Net Position | | | | | | |
| Net Investment in Capital Assets | | 2,094 | 534 | 2,383 | 92 | 60 |
| Restricted for Pensions | 156 | 3,447 | 1,128 | 307 | 619 | 73 |
| Unrestricted | 32,684 | 2,610 | 2,199 | 2,076 | 1,373 | 1,019 |
| Total Net Position | \$ 32,840 | \$ 8,151 | \$ 3,861 | \$ 4,766 | \$ 2,084 | \$ 1,152 |

| Rural Development Telecommunica- tions Network | Public Entity Pool for Liability | Fleet and Travel Management | Personnel | Workers Compensation | Other | Total |
|---|---|--|------------------|---------------------------------|------------------|------------------|
| \$ 511 | \$ 11,671 | \$ 2,430 | \$ 1,046 | \$ 4,637 | \$ 3,349 | \$ 89,347 |
| 1 | 25 | 4 | 3 | 13 | 8 | 202 |
| 100 | | 1,321 | 271 | | 706 | 8,297 |
| 102 | | 244 | 3 | | 73 | 843 |
| | | | | | 95 | 95 |
| 1 | | 7 | 7 | 6 | 89 | 1,158 |
| | | | | | 305 | 577 |
| 13 | | 14 | 5 | 38 | 6 | 2,974 |
| 728 | 11,696 | 4,020 | 1,335 | 4,694 | 4,631 | 103,493 |
| 112 | 80 | 177 | 931 | 53 | 1,726 | 10,842 |
| 2,199 | 58 | 53,865 | 5 | | 10,345 | 102,646 |
| (2,087) | (58) | (33,604) | (5) | | (4,463) | (70,320) |
| | | | | | 348 | 1,553 |
| 112 | 0 | 20,261 | 0 | 0 | 6,230 | 33,879 |
| 952 | 11,776 | 24,458 | 2,266 | 4,747 | 12,587 | 148,214 |
| 100 | 71 | 158 | 827 | 48 | 1,533 | 9,695 |
| 100 | 71 | 158 | 827 | 48 | 1,533 | 9,695 |
| 26 | 49 | 597 | 288 | 27 | 576 | 5,960 |
| 28 | 9 | 505 | 56 | 12 | 183 | 1,352 |
| | | 33 | | | | 33 |
| | | 2,940 | | | 74 | 3,732 |
| 52 | 1,381 | 35 | 245 | 3,360 | 461 | 22,043 |
| | | | | | 11 | 11,033 |
| 106 | 1,439 | 4,110 | 589 | 3,399 | 1,305 | 44,153 |
| | | 10,197 | | | 87 | 11,679 |
| 46 | 2,505 | 31 | 218 | 22,625 | 410 | 27,723 |
| | | | | | 54 | 54 |
| 46 | 2,505 | 10,228 | 218 | 22,625 | 497 | 39,456 |
| 152 | 3,944 | 14,338 | 807 | 26,024 | 1,802 | 83,609 |
| 130 | 93 | 205 | 1,079 | 62 | 1,999 | 12,558 |
| 130 | 93 | 205 | 1,079 | 62 | 1,999 | 12,558 |
| 112 | | 7,124 | | | 6,069 | 18,468 |
| 83 | 58 | 130 | 679 | 39 | 1,260 | 7,979 |
| 575 | 7,752 | 2,819 | 528 | (21,330) | 2,990 | 35,295 |
| \$ 770 | \$ 7,810 | \$ 10,073 | \$ 1,207 | \$ (21,291) | \$ 10,319 | \$ 61,742 |

STATE OF SOUTH DAKOTA
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2015
(Expressed in Thousands)

| | Self- Insurance | Information Services | Tele- communi- cations | Accounting and Payroll | Buildings and Grounds | Central Mail |
|---|----------------------------|---------------------------------|---------------------------------------|---------------------------------------|--------------------------------------|-------------------------|
| Operating Revenue: | | | | | | |
| Use of Money and Property | \$ | \$ | \$ | \$ | \$ | \$ |
| Sales and Services | 148,300 | 22,686 | 14,874 | 3,935 | 6,150 | 3,766 |
| Other Revenue | 2,709 | 218 | 69 | 29 | 44 | 4 |
| Total Operating Revenue | 151,009 | 22,904 | 14,943 | 3,964 | 6,194 | 3,770 |
| Operating Expenses: | | | | | | |
| Personal Services and Benefits | 757 | 15,598 | 4,983 | 1,457 | 3,039 | 350 |
| Travel | 21 | 103 | 117 | 11 | 4 | |
| Contractual Services | 25,787 | 4,445 | 8,868 | 2,015 | 2,140 | 174 |
| Supplies and Materials | 49 | 365 | 450 | 98 | 821 | 3,067 |
| Grant and Other | | | | | | |
| Interest | | 41 | | | | 8 |
| Depreciation/Amortization | | 1,402 | 263 | 309 | 14 | 73 |
| Insurance Claims | 113,712 | | | | | |
| Total Operating Expenses | 140,326 | 21,954 | 14,681 | 3,890 | 6,018 | 3,672 |
| Operating Income (Loss) | 10,683 | 950 | 262 | 74 | 176 | 98 |
| Nonoperating Revenue (Expenses): | | | | | | |
| Gain on Disposal of Assets | | 61 | | | | |
| Loss on Disposal of Assets | | | (9) | | | |
| Interest Income | 564 | 22 | 11 | 8 | 5 | 12 |
| Other Expense | (56) | (3) | (2) | (1) | (1) | (1) |
| Total Nonoperating Revenue (Expenses) | 508 | 80 | 0 | 7 | 4 | 11 |
| Income (Loss) Before Capital Contributions and Transfers | 11,191 | 1,030 | 262 | 81 | 180 | 109 |
| Capital Contributions and Transfers: | | | | | | |
| Capital Contribution | | 44 | | | | |
| Transfers In | | | | 596 | | |
| Transfers Out | | | | | | |
| Net Capital Contributions and Transfers | 0 | 44 | 0 | 596 | 0 | 0 |
| Change in Net Position | 11,191 | 1,074 | 262 | 677 | 180 | 109 |
| Net Position at Beginning of Year, as restated | 21,649 | 7,077 | 3,599 | 4,089 | 1,904 | 1,043 |
| Net Position at End of Year | \$ 32,840 | \$ 8,151 | \$ 3,861 | \$ 4,766 | \$ 2,084 | \$ 1,152 |

| Rural Development Telecommunica- tions Network | Public Entity Pool for Liability | Fleet and Travel Management | Personnel | Workers Compensation | Other | Total |
|---|---|-----------------------------------|-----------------|-------------------------|------------------|------------------|
| \$ | \$ | \$ | \$ | \$ | \$ 9 | \$ 9 |
| 748 | 3,302 | 14,823 | 4,305 | 3,636 | 10,446 | 236,971 |
| 5 | 641 | 18 | 40 | 10 | 195 | 3,982 |
| 753 | 3,943 | 14,841 | 4,345 | 3,646 | 10,650 | 240,962 |
| 386 | 221 | 641 | 3,231 | 197 | 5,683 | 36,543 |
| 8 | 17 | 9 | 77 | 1 | 332 | 700 |
| 278 | 689 | 2,787 | 807 | 237 | 1,764 | 49,991 |
| 15 | 10 | 7,939 | 183 | 6 | 1,969 | 14,972 |
| | | | | | 1 | 1 |
| | | 266 | | | 14 | 329 |
| 78 | | 3,821 | | | 481 | 6,441 |
| | | | | 5,020 | 270 | 119,002 |
| 765 | 937 | 15,463 | 4,298 | 5,461 | 10,514 | 227,979 |
| (12) | 3,006 | (622) | 47 | (1,815) | 136 | 12,983 |
| | | 610 | | | | 671 |
| | | (61) | (1) | | (38) | (109) |
| 4 | 93 | 15 | 10 | 44 | 29 | 817 |
| | (11) | (2) | (1) | (5) | (3) | (86) |
| 4 | 82 | 562 | 8 | 39 | (12) | 1,293 |
| (8) | 3,088 | (60) | 55 | (1,776) | 124 | 14,276 |
| | | | 263 | | 7 | 51 |
| | | | | | 525 | 1,384 |
| | | | | | (345) | (345) |
| 0 | 0 | 0 | 263 | 0 | 187 | 1,090 |
| (8) | 3,088 | (60) | 318 | (1,776) | 311 | 15,366 |
| 778 | 4,722 | 10,133 | 889 | (19,515) | 10,008 | 46,376 |
| \$ 770 | \$ 7,810 | \$ 10,073 | \$ 1,207 | \$ (21,291) | \$ 10,319 | \$ 61,742 |

STATE OF SOUTH DAKOTA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2015
(Expressed in Thousands)

| | Self- Insurance | Information Services | Tele- communi- cations | Accounting and Payroll | Buildings and Grounds | Central Mail |
|---|--------------------|-------------------------|------------------------------|------------------------------|-----------------------------|-----------------|
| Cash Flows from Operating Activities: | | | | | | |
| Receipts from Customers and Users | \$ 80,664 | \$ 412 | \$ 4,326 | \$ 387 | \$ 6 | \$ 162 |
| Receipts from Interfund Services Provided | 71,083 | 22,370 | 10,425 | 3,457 | 6,126 | 3,520 |
| Payments to Suppliers and for Benefits and Claims | (138,776) | (3,881) | (8,777) | (1,154) | (2,204) | (3,084) |
| Payments for Employee Services | (776) | (16,071) | (5,143) | (1,518) | (3,151) | (362) |
| Payments for Interfund Services Used | (927) | (962) | (1,184) | (914) | (734) | (93) |
| Other Receipts (Payments) | | 21 | 4 | 12 | 8 | |
| Net Cash Provided (Used) by Operating Activities | 11,268 | 1,889 | (349) | 270 | 51 | 143 |
| Cash Flows From Capital and Related Financing Activities: | | | | | | |
| Purchases of Capital Assets | | (94) | (326) | (209) | (8) | |
| Construction in Progress | | (301) | | (428) | | |
| Sales of Capital Assets | | 61 | | | | |
| Payments on Capital Lease Obligations | | (960) | | | | (59) |
| Net Cash Provided (Used) by Capital and Related Financing Activities | 0 | (1,294) | (326) | (637) | (8) | (59) |
| Cash Flows From Noncapital Financing Activities: | | | | | | |
| Transfers In | | | | 596 | | |
| Transfers Out | | | | | | |
| Net Cash Provided (Used) From Noncapital Financing Activities | 0 | 0 | 0 | 596 | 0 | 0 |
| Cash Flows From Investing Activities: | | | | | | |
| Investment Income | 502 | 23 | 14 | 9 | 5 | 10 |
| Investment Expense | (56) | (3) | (2) | (1) | (1) | (1) |
| Net Cash Provided (Used) by Investing Activities | 446 | 20 | 12 | 8 | 4 | 9 |
| Net Increase (Decrease) in Cash and Cash Equivalents During the Fiscal Year | 11,714 | 615 | (663) | 237 | 47 | 93 |
| Cash and Cash Equivalents at Beginning of Year | 46,685 | 2,505 | 2,500 | 746 | 727 | 497 |
| Cash and Cash Equivalents at End of Year | \$ 58,399 | \$ 3,120 | \$ 1,837 | \$ 983 | \$ 774 | \$ 590 |
| Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities: | | | | | | |
| Operating Income (Loss) | \$ 10,683 | \$ 950 | \$ 262 | \$ 74 | \$ 176 | \$ 98 |
| Adjustments to Reconcile Operating Income (Loss): | | | | | | |
| Depreciation/Amortization Expense | | 1,402 | 263 | 309 | 14 | 73 |
| Interest Expense | | 36 | | | | 8 |
| Decrease/(Increase) in Assets: | | | | | | |
| Accounts Receivable | (370) | | (2) | | | |
| Due From Other Funds | | 94 | (141) | (84) | (17) | (84) |
| Due From Component Units | | 1 | 20 | (8) | | |
| Due From Other Governments | | | | | | |
| Inventory | | 4 | (1) | | | 96 |
| Other Assets | | 15 | (393) | 23 | (13) | |
| Restricted Net Pension Asset | (126) | (2,842) | (936) | (247) | (512) | (61) |
| Decrease/(Increase) in Deferred Outflows of Resources: | | | | | | |
| Deferred Outflows Related to Pensions | (158) | (3,506) | (1,148) | (312) | (630) | (75) |
| Increase/(Decrease) in Liabilities: | | | | | | |
| Accounts Payable | 11 | 44 | (24) | 1 | 23 | (30) |
| Accrued Liabilities | 5 | 79 | 34 | 14 | 24 | 1 |
| Compensated Absences Payable | 12 | 194 | 43 | 24 | (3) | 1 |
| Due To Other Funds | 17 | 11 | (144) | 5 | 11 | (1) |
| Due To Component Units | | | | | | |
| Due To Other Governments | | | 38 | | 3 | |
| Unearned Revenue | 1,110 | | | | | |
| Policy Claim Liabilities | (156) | | | | | |
| Increase/(Decrease) in Deferred Inflows of Resources: | | | | | | |
| Deferred Inflows Related to Pensions | 240 | 5,407 | 1,780 | 471 | 975 | 117 |
| Net Cash Provided (Used) by Operating Activities | \$ 11,268 | \$ 1,889 | \$ (349) | \$ 270 | \$ 51 | \$ 143 |
| Noncash Investing, Capital, and Financing Activities: | | | | | | |
| Gain (Loss) on Disposal of Fixed Assets | \$ | \$ 61 | \$ (9) | \$ | \$ | \$ |
| Capital Lease Obligations Entered Into | | 1,316 | | | | |
| Transfers In (Out) of Fixed Assets | | 44 | | | | |

| Rural Development Telecommunica- tions Network | Public Entity Pool for Liability | Fleet and Travel Management | Personnel | Workers Compensation | Other | Total |
|---|---|-----------------------------------|-----------------|-------------------------|-----------------|------------------|
| \$ 381 | \$ 920 | \$ 2,735 | \$ 55 | \$ 758 | \$ 2,109 | \$ 92,915 |
| 362 | 2,384 | 12,009 | 4,174 | 2,912 | 8,410 | 147,232 |
| (180) | (1,271) | (9,509) | (599) | (3,611) | (2,874) | (175,920) |
| (387) | (248) | (662) | (3,392) | (200) | (5,891) | (37,801) |
| (140) | (345) | (1,541) | (439) | (36) | (1,412) | (8,727) |
| | 15 | 15 | 1 | | 132 | 208 |
| 36 | 1,455 | 3,047 | (200) | (177) | 474 | 17,907 |
| | | (2,075) | | | (579) | (3,291) |
| | | 1,180 | | | | (729) |
| | | (2,470) | | | (94) | 1,241 |
| 0 | 0 | (3,365) | 0 | 0 | (673) | (3,583) |
| | | | 263 | | 525 | 1,384 |
| | | | | | (345) | (345) |
| 0 | 0 | 0 | 263 | 0 | 180 | 1,039 |
| 4 | 94 | 16 | 10 | 47 | 31 | 765 |
| | (11) | (2) | (1) | (5) | (3) | (86) |
| 4 | 83 | 14 | 9 | 42 | 28 | 679 |
| 40 | 1,538 | (304) | 72 | (135) | 9 | 13,263 |
| 471 | 10,133 | 2,734 | 974 | 4,772 | 3,340 | 76,084 |
| \$ 511 | \$ 11,671 | \$ 2,430 | \$ 1,046 | \$ 4,637 | \$ 3,349 | \$ 89,347 |
| \$ (12) | \$ 3,006 | \$ (622) | \$ 47 | \$ (1,815) | \$ 136 | \$ 12,983 |
| 78 | | 3,821 | | | 481 | 6,441 |
| | | 247 | | | 14 | 305 |
| 1 | 3 | 2 | (3) | 22 | (5) | (352) |
| (6) | | (86) | (81) | | 40 | (365) |
| 1 | | 10 | (2) | | (10) | 12 |
| | | | | | 47 | 47 |
| | | | | | (3) | 96 |
| | 10 | (14) | (5) | | 63 | (314) |
| (68) | (49) | (108) | (567) | (32) | (1,050) | (6,598) |
| (84) | (59) | (133) | (691) | (40) | (1,282) | (8,118) |
| (2) | 25 | (60) | 40 | 217 | 22 | 267 |
| 2 | (2) | 2 | (6) | 3 | 13 | 169 |
| 12 | (13) | 5 | (15) | 3 | 44 | 307 |
| (14) | | (202) | 4 | 7 | (31) | (337) |
| | | (20) | | | (5) | (25) |
| | | | | | 1 | 42 |
| (2) | | | | | | 1,108 |
| | (1,559) | | | 1,396 | | (319) |
| 130 | 93 | 205 | 1,079 | 62 | 1,999 | 12,558 |
| \$ 36 | \$ 1,455 | \$ 3,047 | \$ (200) | \$ (177) | \$ 474 | \$ 17,907 |
| \$ | \$ | \$ 549 | \$ | \$ | \$ (37) | \$ 564 |
| | | 4,261 | | | 29 | 5,606 |
| | | | | | 7 | 51 |

STATE OF SOUTH DAKOTA
COMBINING STATEMENT OF FIDUCIARY NET POSITION
PRIVATE PURPOSE TRUST FUNDS
June 30, 2015
(Expressed in Thousands)

| | Common School | Child's Own | Corrections | Other | Total |
|---|--------------------------|--------------------|--------------------|---------------|-------------------|
| Assets | | | | | |
| Cash and Cash Equivalents | \$ 46,651 | \$ 248 | \$ 1,382 | \$ 995 | \$ 49,276 |
| Receivables: | | | | | |
| Due From Other Funds | | | 110 | | 110 |
| Investment Income | 545 | | | 2 | 547 |
| Other | 45 | 17 | | | 62 |
| Total Receivables | 590 | 17 | 110 | 2 | 719 |
| Investments, at Fair Value: | | | | | |
| Pooled Investment Funds | 169,717 | | | | 169,717 |
| Total Investments | 169,717 | 0 | 0 | 0 | 169,717 |
| Properties, at cost | 14,009 | | | 2 | 14,011 |
| Other Assets | | | | 10 | 10 |
| Total Assets | 230,967 | 265 | 1,492 | 1,009 | 233,733 |
| Liabilities | | | | | |
| Payables: | | | | | |
| Accounts Payable and Other Liabilities | 72 | 140 | | 10 | 222 |
| Due To Other Funds | | | 190 | 24 | 214 |
| Total Liabilities | 72 | 140 | 190 | 34 | 436 |
| Net Position - Restricted for Others | \$ 230,895 | \$ 125 | \$ 1,302 | \$ 975 | \$ 233,297 |

STATE OF SOUTH DAKOTA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PRIVATE PURPOSE TRUST FUNDS
For the Fiscal Year Ended June 30, 2015
(Expressed in Thousands)

| | <u>Common School</u> | <u>Child's Own</u> | <u>Corrections</u> | <u>Other</u> | <u>Total</u> |
|---|--------------------------|--------------------|--------------------|---------------|-------------------|
| Additions | | | | | |
| Contributions: | | | | | |
| From Clients and Inmates | \$ | \$ | \$ 7,415 | \$ 1,608 | \$ 9,023 |
| Other | 7,103 | | | | 7,103 |
| Total Contributions | 7,103 | 0 | 7,415 | 1,608 | 16,126 |
| Investment Income: | | | | | |
| <i>From Investing Activities</i> | | | | | |
| Net Increase (Decrease) in Fair | | | | | |
| Value of Investments | 4,166 | | | | 4,166 |
| Pooled Interest and Dividends | 4,100 | 1 | | | 4,101 |
| Real Estate | 488 | | | | 488 |
| Net Investment Income (Loss) | 8,754 | 1 | 0 | 0 | 8,755 |
| <i>From Security Lending Activities</i> | | | | | |
| Securities Lending Income | 12 | | | | 12 |
| Escheated Property | | | | 1 | 1 |
| Miscellaneous Income | | 616 | | 19 | 635 |
| Total Additions | 15,869 | 617 | 7,415 | 1,628 | 25,529 |
| Deductions | | | | | |
| Distribution to School Districts | 9,969 | | | | 9,969 |
| Payments Made for Trust Purposes | | 570 | 8,099 | 1,546 | 10,215 |
| Administrative Expenses | | | | 4 | 4 |
| Total Deductions | 9,969 | 570 | 8,099 | 1,550 | 20,188 |
| Change in Net Position | 5,900 | 47 | (684) | 78 | 5,341 |
| Net Position at Beginning of Year | 224,995 | 78 | 1,986 | 897 | 227,956 |
| Net Position at End of Year | \$ 230,895 | \$ 125 | \$ 1,302 | \$ 975 | \$ 233,297 |



STATE OF SOUTH DAKOTA
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
June 30, 2015
(Expressed in Thousands)

| | Department of Revenue Tax Collections | Social Services Child Support | State Auditor Payroll Withholding | State Clerk of Courts | Other | Total |
|--|--|--|--|-----------------------------|-----------------|------------------|
| Assets | | | | | | |
| Cash and Cash Equivalents | \$ 20,129 | \$ 2,118 | \$ 7,595 | \$ 6,866 | \$ 1,673 | \$ 38,381 |
| Receivables: | | | | | | |
| Taxes Receivable, net | 42,507 | | | | | 42,507 |
| Due From Other Governments | 12 | | | | | 12 |
| Interest and Dividends Receivable | 5 | | | | 1 | 6 |
| Other | 534 | | | | 40 | 574 |
| Total Receivables | 43,058 | 0 | 0 | 0 | 41 | 43,099 |
| Total Assets | \$ 63,187 | \$ 2,118 | \$ 7,595 | \$ 6,866 | \$ 1,714 | \$ 81,480 |
| Liabilities | | | | | | |
| Payables: | | | | | | |
| Accounts Payable and Other Liabilities | \$ 1,335 | \$ 2,118 | \$ 33 | \$ 6,866 | \$ 798 | \$ 11,150 |
| Due To Other Governments | 61,852 | | 7,562 | | 916 | 70,330 |
| Total Liabilities | \$ 63,187 | \$ 2,118 | \$ 7,595 | \$ 6,866 | \$ 1,714 | \$ 81,480 |

STATE OF SOUTH DAKOTA
COMBINING STATEMENT OF CHANGES
IN ASSETS AND LIABILITIES
AGENCY FUNDS
For the Fiscal Year Ended June 30, 2015
(Expressed in Thousands)

| | Balance July 1, 2014 | Additions | Deductions | Balance June 30, 2015 |
|--|---------------------------------|-------------------|-------------------|----------------------------------|
| Department of Revenue - Tax Collections | | | | |
| Assets: | | | | |
| Cash and Cash Equivalents | \$ 17,320 | \$ 374,705 | \$ 371,896 | \$ 20,129 |
| Accounts Receivable | 811 | 534 | 811 | 534 |
| Taxes Receivable, net | 40,169 | 42,507 | 40,169 | 42,507 |
| Interest and Dividends Receivable | 30 | 5 | 30 | 5 |
| Due From Other Governments | 799 | 11 | 798 | 12 |
| Total Assets | \$ 59,129 | \$ 417,762 | \$ 413,704 | \$ 63,187 |
| Liabilities: | | | | |
| Accounts Payable and Other Liabilities | \$ 1,443 | \$ 236 | \$ 344 | \$ 1,335 |
| Refunds - Contractors Excise Tax | 78 | | 78 | 0 |
| Due To Other Governments | 57,608 | 417,526 | 413,282 | 61,852 |
| Total Liabilities | \$ 59,129 | \$ 417,762 | \$ 413,704 | \$ 63,187 |
| Social Services - Child Support | | | | |
| Assets: | | | | |
| Cash and Cash Equivalents | \$ 1,477 | \$ 114,518 | \$ 113,877 | \$ 2,118 |
| Total Assets | \$ 1,477 | \$ 114,518 | \$ 113,877 | \$ 2,118 |
| Liabilities: | | | | |
| Accounts Payable and Other Liabilities | \$ 1,477 | \$ 114,518 | \$ 113,877 | \$ 2,118 |
| Total Liabilities | \$ 1,477 | \$ 114,518 | \$ 113,877 | \$ 2,118 |
| State Auditor - Payroll Withholding | | | | |
| Assets: | | | | |
| Cash and Cash Equivalents | \$ 7,278 | \$ 229,687 | \$ 229,370 | \$ 7,595 |
| Total Assets | \$ 7,278 | \$ 229,687 | \$ 229,370 | \$ 7,595 |
| Liabilities: | | | | |
| Accounts Payable and Other Liabilities | \$ 29 | \$ 2,329 | \$ 2,325 | \$ 33 |
| Due To Other Governments | 7,249 | 227,358 | 227,045 | 7,562 |
| Total Liabilities | \$ 7,278 | \$ 229,687 | \$ 229,370 | \$ 7,595 |
| State Clerk of Courts | | | | |
| Assets: | | | | |
| Cash and Cash Equivalents | \$ 7,273 | \$ 15,665 | \$ 16,072 | \$ 6,866 |
| Total Assets | \$ 7,273 | \$ 15,665 | \$ 16,072 | \$ 6,866 |
| Liabilities: | | | | |
| Accounts Payable and Other Liabilities | \$ 7,273 | \$ 15,665 | \$ 16,072 | \$ 6,866 |
| Total Liabilities | \$ 7,273 | \$ 15,665 | \$ 16,072 | \$ 6,866 |

Continued on next page

STATE OF SOUTH DAKOTA
COMBINING STATEMENT OF CHANGES
IN ASSETS AND LIABILITIES
AGENCY FUNDS (continued)
For the Fiscal Year Ended June 30, 2015
(Expressed in Thousands)

| | Balance July 1, 2014 | Additions | Deductions | Balance June 30, 2015 |
|--|-------------------------|-------------------|-------------------|--------------------------|
| Other Agency Funds | | | | |
| Assets: | | | | |
| Cash and Cash Equivalents | \$ 1,794 | \$ 57,545 | \$ 57,666 | \$ 1,673 |
| Accounts Receivable | 34 | 40 | 34 | 40 |
| Interest and Dividends Receivable | 1 | 1 | 1 | 1 |
| Total Assets | \$ 1,829 | \$ 57,586 | \$ 57,701 | \$ 1,714 |
| Liabilities: | | | | |
| Accounts Payable and Other Liabilities | \$ 1,047 | \$ 56,054 | \$ 56,303 | \$ 798 |
| Due To Other Governments | 782 | 1,532 | 1,398 | 916 |
| Total Liabilities | \$ 1,829 | \$ 57,586 | \$ 57,701 | \$ 1,714 |
| Total All Agency Funds | | | | |
| Assets: | | | | |
| Cash and Cash Equivalents | \$ 35,142 | \$ 792,120 | \$ 788,881 | \$ 38,381 |
| Accounts Receivable | 845 | 574 | 845 | 574 |
| Taxes Receivable, net | 40,169 | 42,507 | 40,169 | 42,507 |
| Interest and Dividends Receivable | 31 | 6 | 31 | 6 |
| Due From Other Governments | 799 | 11 | 798 | 12 |
| Total Assets | \$ 76,986 | \$ 835,218 | \$ 830,724 | \$ 81,480 |
| Liabilities: | | | | |
| Accounts Payable and Other Liabilities | \$ 11,269 | \$ 188,802 | \$ 188,921 | \$ 11,150 |
| Refunds - Contractors Excise Tax | 78 | | 78 | 0 |
| Due To Other Governments | 65,639 | 646,416 | 641,725 | 70,330 |
| Total Liabilities | \$ 76,986 | \$ 835,218 | \$ 830,724 | \$ 81,480 |

STATE OF SOUTH DAKOTA
COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS
June 30, 2015
(Expressed in Thousands)

| Assets | Business-type Activities | | | | |
|---|--------------------------|----------------------------------|---------------------|------------------|---------------------|
| | Housing Authority | Science and Technology Authority | Higher Education | Nonmajor | Total |
| Current Assets: | | | | | |
| Cash and Cash Equivalents | \$ 144,638 | \$ 21,320 | \$ 207,961 | \$ 6,248 | \$ 380,167 |
| Receivables: | | | | | |
| Interest and Dividends | 6,119 | 67 | 1,311 | 83 | 7,580 |
| Primary Government | 2,500 | 300 | 1,615 | | 4,415 |
| Other Governments | | | 14,724 | | 14,724 |
| Loans and Notes, net | 42,945 | | 5,944 | 1,147 | 50,036 |
| Other, net | 442 | 3,128 | 24,011 | 312 | 27,893 |
| Investments | 33,938 | | 35,484 | 720 | 70,142 |
| Restricted Assets: | | | | | |
| Investments | | | | 2,320 | 2,320 |
| Inventory | 3,185 | 2,986 | 9,253 | | 15,424 |
| Other Assets | 43 | 383 | 3,281 | 10 | 3,717 |
| Total Current Assets | 233,810 | 28,184 | 303,584 | 10,840 | 576,418 |
| Investments | 567,176 | | 406,681 | 1,062 | 974,919 |
| Due From Primary Government | 2,500 | | | | 2,500 |
| Assets Held for Resale | | | | 4,978 | 4,978 |
| Restricted Assets: | | | | | |
| Cash and Cash Equivalents | | | 85,284 | 1 | 85,285 |
| Investments | | | 75,548 | 3,521 | 79,069 |
| Net Pension Asset | 1,108 | 3,810 | 111,795 | | 116,713 |
| Other | | | 13,189 | | 13,189 |
| Capital Assets: | | | | | |
| Land and Other Non-depreciable Assets | 220 | 18,900 | 37,941 | 568 | 57,629 |
| Property, Plant, and Equipment | 9,951 | 54,011 | 1,451,069 | 23,797 | 1,538,828 |
| Accumulated Depreciation | (4,227) | (9,595) | (584,749) | (773) | (599,344) |
| Construction in Progress | | 24,337 | 86,629 | | 110,966 |
| Total Capital Assets | 5,944 | 87,653 | 990,890 | 23,592 | 1,108,079 |
| Other Noncurrent Assets, net | 794,237 | | 72,520 | 15,844 | 882,601 |
| Total Assets | 1,604,775 | 119,647 | 2,059,491 | 59,838 | 3,843,751 |
| Deferred Outflows of Resources | | | | | |
| Deferred Outflow Related to Pensions | 995 | 3,367 | 99,194 | | 103,556 |
| Deferred Swap Outflow | 11,984 | | | | 11,984 |
| Deferred Outflow on Debt Refunding | 725 | | 5,240 | | 5,965 |
| Total Deferred Outflows of Resources | 13,704 | 3,367 | 104,434 | 0 | 121,505 |
| Liabilities | | | | | |
| Current Liabilities: | | | | | |
| Accounts Payable and Other Liabilities | 783 | 3,542 | 56,173 | 308 | 60,806 |
| Payable to Primary Government | 71 | | 1,019 | 8 | 1,098 |
| Escrow Payable | 10,633 | | | | 10,633 |
| Bonds, Notes, and Leases Payable | 33,520 | | 26,360 | 767 | 60,647 |
| Claims, Judgments, and Compensated Absences | 149 | 520 | 12,765 | | 13,434 |
| Accrued Interest Payable | 5,477 | | 4,087 | 354 | 9,918 |
| Unearned Revenue | | | 8,149 | 2,390 | 10,539 |
| Advances from Primary Government | | | | 903 | 903 |
| Other Current Liabilities | | | 23,061 | | 23,061 |
| Total Current Liabilities | 50,633 | 4,062 | 131,614 | 4,730 | 191,039 |
| Noncurrent Liabilities: | | | | | |
| Bonds, Notes, and Leases Payable | 1,051,562 | | 492,164 | 17,984 | 1,561,710 |
| Claims, Judgments, and Compensated Absences | 538 | 687 | 26,688 | | 27,913 |
| Federal Capital Contribution Refundable Advance | | | 38,606 | | 38,606 |
| Advances from Primary Government | | | | 22,786 | 22,786 |
| Other Noncurrent Liabilities | 12,935 | | 15,444 | 845 | 29,224 |
| Total Noncurrent Liabilities | 1,065,035 | 687 | 572,902 | 41,615 | 1,680,239 |
| Total Liabilities | 1,115,668 | 4,749 | 704,516 | 46,345 | 1,871,278 |
| Deferred Inflows of Resources | | | | | |
| Deferred Inflow Related to Pensions | 1,283 | 4,412 | 129,478 | | 135,173 |
| Deferred Inflow on Gain on Debt Refinancing | | | 18 | | 18 |
| Deferred Forward Contract Inflow | 43 | | | | 43 |
| Total Deferred Inflows of Resources | 1,326 | 4,412 | 129,496 | 0 | 135,234 |
| Net Position | | | | | |
| Net Investment in Capital Assets | (441) | 87,131 | 541,189 | 1,084 | 628,963 |
| Restricted for: | | | | | |
| Debt Service | 416,629 | | 4,829 | 5,000 | 426,458 |
| HOME and NSP Program | 70,431 | | | | 70,431 |
| Higher Education - Expendable | | | 214,422 | | 214,422 |
| Higher Education - Nonexpendable | | | 371,854 | | 371,854 |
| Interim Lab | | 4,397 | | | 4,397 |
| Mine Closure | | 1,379 | | | 1,379 |
| Sanford Center for Science Education | | 3,830 | | | 3,830 |
| Indemnification | | 10,000 | | | 10,000 |
| Pensions | 819 | 2,764 | 81,512 | | 85,095 |
| Other | 14,047 | | | | 14,047 |
| Unrestricted | | 4,352 | 116,107 | 7,409 | 127,868 |
| Total Net Position | \$ 501,485 | \$ 113,853 | \$ 1,329,913 | \$ 13,493 | \$ 1,958,744 |

STATE OF SOUTH DAKOTA
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
COMPONENT UNITS
For the Fiscal Year Ended June 30, 2015
(Expressed in Thousands)

| | Business-type Activities | | | | |
|--|---------------------------------|---|-----------------------------|------------------|---------------------|
| | Housing Authority | Science and Technology Authority | Higher Education | Nonmajor | Total |
| Operating Revenue: | | | | | |
| Tuition and Fees (net of discounts and allowances for scholarships of Higher Education of \$38,410) | \$ | \$ | \$ 241,237 | \$ | \$ 241,237 |
| Use of Money and Property | 60,007 | | | 1,131 | 61,138 |
| Sales and Services (net of discounts and allowances for scholarships of Higher Education of \$11,254) | | 207 | 113,871 | 2,291 | 116,369 |
| Administering Programs | 27,906 | 19,374 | 128,611 | 500 | 176,391 |
| Other Revenue | 5,251 | 256 | 74,520 | 40 | 80,067 |
| Total Operating Revenue | 93,164 | 19,837 | 558,239 | 3,962 | 675,202 |
| Operating Expenses: | | | | | |
| Personal Services and Benefits | 3,408 | 8,716 | 391,566 | | 403,690 |
| Travel | 363 | 165 | 18,333 | 13 | 18,874 |
| Contractual Services | 8,712 | 8,972 | 111,760 | 1,172 | 130,616 |
| Supplies and Materials | 1,991 | 1,289 | 58,537 | 172 | 61,989 |
| Grants and Subsidies | 24,798 | | 36,684 | 2,858 | 64,340 |
| Other | | | 5,091 | 6 | 5,097 |
| Interest | 36,522 | | 38 | 1,091 | 37,651 |
| Provisions for Loan Loss (Recovery) | 755 | | | (150) | 605 |
| Depreciation/Amortization | 440 | 1,857 | 46,260 | 770 | 49,327 |
| Total Operating Expenses | 76,989 | 20,999 | 668,269 | 5,932 | 772,189 |
| Operating Income (Loss) | 16,175 | (1,162) | (110,030) | (1,970) | (96,987) |
| Nonoperating Revenue (Expenses): | | | | | |
| Gain on Disposal of Assets | | | | 7 | 7 |
| Loss on Disposal of Assets | | | (712) | | (712) |
| Interest Income | | 216 | 12,538 | 60 | 12,814 |
| Interest Expense | | | (21,988) | (718) | (22,706) |
| Other Expense | | (46) | (20,179) | (8) | (20,233) |
| State Aid from Primary Government | | | 192,950 | | 192,950 |
| Federal Appropriation | | | 5,971 | | 5,971 |
| Grant and Other Income | | | 4,985 | 82 | 5,067 |
| Total Nonoperating Revenue (Expenses) | 0 | 170 | 173,565 | (577) | 173,158 |
| Income (Loss) Before Capital Grants and Additions to Endowments | 16,175 | (992) | 63,535 | (2,547) | 76,171 |
| Capital Grants | | 7,194 | 5,812 | 1,333 | 14,339 |
| Additions to Endowments | | | 15,680 | | 15,680 |
| Change in Net Position | 16,175 | 6,202 | 85,027 | (1,214) | 106,190 |
| Net Position at Beginning of Year, as restated | 485,310 | 107,651 | 1,244,886 | 14,707 | 1,852,554 |
| Net Position at End of Year | \$ 501,485 | \$ 113,853 | \$ 1,329,913 | \$ 13,493 | \$ 1,958,744 |

STATE OF SOUTH DAKOTA
STATEMENT OF CASH FLOWS
HIGHER EDUCATION
For the Fiscal Year Ended June 30, 2015
(Expressed in Thousands)

| | Higher Education |
|--|-----------------------------|
| Cash Flows from Operating Activities: | |
| Tuition and Fees | \$ 240,626 |
| Auxiliaries | 65,194 |
| Sales & Services - General | 48,162 |
| Federal Contracts & Grants | 98,192 |
| State Contracts & Grants | 7,160 |
| Private Contracts & Grants | 20,251 |
| Other Revenue and Additions | 80 |
| Loans Issued to Students | (7,056) |
| Loans Collected from Students | 5,895 |
| Student Loan Interest | 605 |
| Payments for Personal Services Expenditures | (398,510) |
| Payments for Travel Expenditures | (16,857) |
| Payments for Contractual Expenditures | (101,099) |
| Payments for Supply Expenditures and Non-Capitalized Equipment | (56,742) |
| Payments for Grant and Subsidy Expenditures | (36,406) |
| Payments for Other Expenditures | (210) |
| Foundation Activity | (11,214) |
| Net Cash Provided (Used) by Operating Activities | (141,929) |
| Cash Flows from Noncapital Financing Activities: | |
| General Fund Appropriations | 193,004 |
| School & Public Lands | 1,743 |
| Federal Fund Appropriations | 10,034 |
| Endo/Ecto Tax | 779 |
| Federal Loan Disbursements | (170,531) |
| Federal Loan Receipts | 170,531 |
| Private Loan Disbursements | (5,319) |
| Private Loan Receipts | 5,319 |
| Federal Capital Contribution - Student Loan | 414 |
| Other Revenues & Additions | 22,299 |
| Payments for Other Expenditures | (317) |
| Foundation Activity | 49,241 |
| Net Cash Provided (Used) by Noncapital Financing Activities | 277,197 |
| Cash Flows from Capital and Related Financing Activities: | |
| Capital Grants & Contracts | 5,180 |
| South Dakota Building Authority Funding | 13,728 |
| Proceeds from Capital Debt (Leases) | 89,498 |
| Revenue Bond Discounts and Related Costs | (6,129) |
| Principal Paid on Capital Debt and Leases | (89,347) |
| Interest Paid on Capital Debt and Leases | (22,123) |
| Purchase of Capital Assets | (127,456) |
| Foundation Activity | 7,944 |
| Net Cash Provided (Used) by Capital and Related Financing Activities | (128,705) |
| Cash Flows from Investing Activities: | |
| Investment Income | 2,320 |
| Sale of Investment | 1 |
| Foundation Activity | (4,003) |
| Net Cash Provided (Used) by Investing Activities | (1,682) |
| Net Increase (Decrease) in Cash and Cash Equivalents during the Fiscal Year | 4,881 |
| Cash and Cash Equivalents at Beginning of Year | 288,364 |
| Cash and Cash Equivalents at End of Year | \$ 293,245 |

Continued on next page

STATE OF SOUTH DAKOTA
STATEMENT OF CASH FLOWS
HIGHER EDUCATION
For the Fiscal Year Ended June 30, 2015
(Expressed in Thousands)

| | Higher Education |
|--|-----------------------------|
| Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) | |
| by Operating Activities | |
| Operating Income (Loss) | \$ (110,030) |
| Adjustments to Reconcile Operating Income (Loss): | |
| Depreciation Expense | 46,259 |
| Bad Debt Expense | 359 |
| Loan Cancellation Expense | 697 |
| Donated Amounts | 44 |
| Pension Adjustment | (21,480) |
| Foundation Activity | (63,294) |
| Decrease/(Increase) in Assets: | |
| Accounts Receivable Students | (852) |
| Accounts Receivable - Dept | (317) |
| Interest Receivable | (47) |
| Notes Receivable | (1,399) |
| Due From Federal Sources | (1,830) |
| Due From Primary Govt | 624 |
| Due from Component Unit | 8,471 |
| Prepaid Expense and Deferred Charges | 196 |
| Inventory | (518) |
| Other Assets | 45 |
| Increase/(Decrease) in Liabilities: | |
| Accounts Payable | (993) |
| Accrued Wages & Benefits | 1,707 |
| Due to Federal Sources | (59) |
| Due to Primary Government | (189) |
| Due To Component Unit | (41) |
| Student Deposits | (94) |
| Compensated Absences | 1,263 |
| Deferred Revenue | (600) |
| Agency Funds Held for Others | 25 |
| Other Non-Current Liabilities | 124 |
| Net Cash Provided (Used) by Operating Activities | \$ (141,929) |
| Noncash Investing, Capital and Financing Activities: | |
| Transfers In (Out) of Fixed Assets | \$ 594 |

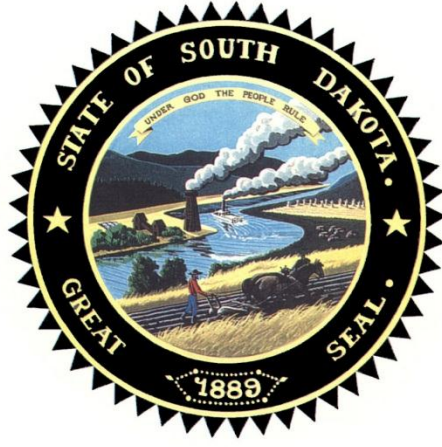
STATE OF SOUTH DAKOTA
COMBINING STATEMENT OF NET POSITION
NONMAJOR COMPONENT UNITS
June 30, 2015
(Expressed in Thousands)

| | Business-type Activities | | | Total |
|--|--------------------------|-------------------------------|--------------------------------------|------------------|
| | Finance Authority | Value Added Finance Authority | S.D. Ellsworth Development Authority | |
| Assets | | | | |
| Current Assets: | | | | |
| Cash and Cash Equivalents | \$ 1,938 | \$ 1,519 | \$ 2,791 | \$ 6,248 |
| Receivables: | | | | |
| Interest and Dividends | 83 | | | 83 |
| Loans and Notes, net | 1,071 | 76 | | 1,147 |
| Other, net | 2 | | 310 | 312 |
| Investments | 720 | | | 720 |
| Restricted: | | | | |
| Investments | 2,320 | | | 2,320 |
| Other Assets | | | 10 | 10 |
| Total Current Assets | 6,134 | 1,595 | 3,111 | 10,840 |
| Investments | 1,062 | | | 1,062 |
| Assets Held for Resale | | | 4,978 | 4,978 |
| Restricted Assets: | | | | |
| Cash and Cash Equivalents | 1 | | | 1 |
| Investments | 3,521 | | | 3,521 |
| Capital Assets: | | | | |
| Land and Other Non-depreciable Assets | | | 568 | 568 |
| Property, Plant, and Equipment | | | 23,797 | 23,797 |
| Accumulated Depreciation | | | (773) | (773) |
| Total Capital Assets | 0 | 0 | 23,592 | 23,592 |
| Other Noncurrent Assets, net | 14,939 | 570 | 335 | 15,844 |
| Total Assets | 25,657 | 2,165 | 32,016 | 59,838 |
| Liabilities | | | | |
| Current Liabilities: | | | | |
| Accounts Payable and Other Liabilities | 45 | | 263 | 308 |
| Payable to Primary Government | | 8 | | 8 |
| Bonds, Notes, and Leases Payable | 685 | 82 | | 767 |
| Accrued Interest Payable | 202 | 8 | 144 | 354 |
| Unearned Revenue | | | 2,390 | 2,390 |
| Advances from Primary Government | | | 903 | 903 |
| Total Current Liabilities | 932 | 98 | 3,700 | 4,730 |
| Noncurrent Liabilities: | | | | |
| Bonds, Notes, and Leases Payable | 14,966 | 1,397 | 1,621 | 17,984 |
| Advances from Primary Government | | | 22,786 | 22,786 |
| Other Noncurrent Liabilities | 845 | | | 845 |
| Total Noncurrent Liabilities | 15,811 | 1,397 | 24,407 | 41,615 |
| Total Liabilities | 16,743 | 1,495 | 28,107 | 46,345 |
| Net Position | | | | |
| Net Investment in Capital Assets | | | 1,084 | 1,084 |
| Restricted for: | | | | |
| Debt Service | 5,000 | | | 5,000 |
| Unrestricted | 3,914 | 670 | 2,825 | 7,409 |
| Total Net Position | \$ 8,914 | \$ 670 | \$ 3,909 | \$ 13,493 |

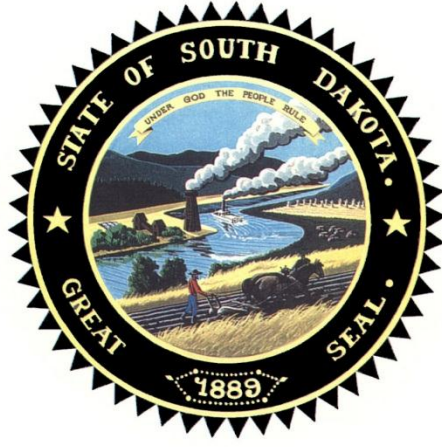
STATE OF SOUTH DAKOTA
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
NONMAJOR COMPONENT UNITS
For the Fiscal Year Ended June 30, 2015
(Expressed in Thousands)

| | Business-type Activities | | | |
|--|--------------------------|-------------------------------------|--|------------------|
| | Finance Authority | Value Added Finance Authority | S.D. Ellsworth Development Authority | Total |
| Operating Revenue: | | | | |
| Use of Money and Property | \$ 1,114 | \$ 17 | \$ | \$ 1,131 |
| Sales and Services | | | 2,291 | 2,291 |
| Administering Programs | | | 500 | 500 |
| Other Revenue | | 5 | 35 | 40 |
| Total Operating Revenue | 1,114 | 22 | 2,826 | 3,962 |
| Operating Expenses: | | | | |
| Travel | | | 13 | 13 |
| Contractual Services | 75 | | 1,097 | 1,172 |
| Supplies and Materials | | | 172 | 172 |
| Grant and Subsidies | | | 2,858 | 2,858 |
| Other | 6 | | | 6 |
| Interest | 1,091 | | | 1,091 |
| Provisions for Loan Loss (Recovery) | (150) | | | (150) |
| Depreciation/Amortization | | | 770 | 770 |
| Total Operating Expenses | 1,022 | 0 | 4,910 | 5,932 |
| Operating Income (Loss) | 92 | 22 | (2,084) | (1,970) |
| Nonoperating Revenue (Expenses): | | | | |
| Gain on Disposal of Assets | | | 7 | 7 |
| Interest Income | 58 | 2 | | 60 |
| Interest Expense | | (14) | (704) | (718) |
| Other Expense | | (8) | | (8) |
| Grant and Other Income | | 82 | | 82 |
| Total Nonoperating Revenue (Expenses) | 58 | 62 | (697) | (577) |
| Income (Loss) Before Capital Grants | 150 | 84 | (2,781) | (2,547) |
| Capital Grants | | | 1,333 | 1,333 |
| Change in Net Position | 150 | 84 | (1,448) | (1,214) |
| Net Position at Beginning of Year | 8,764 | 586 | 5,357 | 14,707 |
| Net Position at End of Year | \$ 8,914 | \$ 670 | \$ 3,909 | \$ 13,493 |





STATISTICAL SECTION



STATISTICAL SECTION

State of South Dakota
Net Position by Component
Last Ten Fiscal Years

(Accrual Basis of Accounting, Dollars Expressed in Thousands)

| | Fiscal Year | | | | |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2015 | 2014 | 2013 | 2012 | 2011 |
| Governmental Activities: | | | | | |
| Net Investment in Capital Assets | \$ 3,713,057 | \$ 3,673,267 | \$ 3,548,433 | \$ 3,480,152 | \$ 3,300,829 |
| Restricted | 1,537,781 | 1,383,140 | 1,241,520 | 1,114,366 | 1,144,456 |
| Unrestricted | 264,916 | 246,555 | 202,835 | 158,316 | 95,317 |
| Total Governmental Activities Net Position | \$ 5,515,754 | \$ 5,302,962 | \$ 4,992,788 | \$ 4,752,834 | \$ 4,540,602 |
| Business-type Activities: | | | | | |
| Net Investment in Capital Assets | \$ 2,810 | \$ 3,650 | \$ 4,379 | \$ 3,893 | \$ 4,360 |
| Restricted | 6,155 | 912 | 916 | 891 | 1,931 |
| Unrestricted | 624,416 | 588,495 | 545,751 | 520,208 | 498,567 |
| Total Business-type Activities Net Position | \$ 633,381 | \$ 593,057 | \$ 551,046 | \$ 524,992 | \$ 504,858 |
| Primary Government: | | | | | |
| Net Investment in Capital Assets | \$ 3,715,867 | \$ 3,676,917 | \$ 3,552,812 | \$ 3,305,189 | \$ 3,305,189 |
| Restricted | 1,543,936 | 1,384,052 | 1,242,436 | 1,146,387 | 1,146,387 |
| Unrestricted | 889,332 | 835,050 | 748,586 | 593,884 | 593,884 |
| Total Primary Government Net Position | \$ 6,149,135 | \$ 5,896,019 | \$ 5,543,834 | \$ 5,045,460 | \$ 5,045,460 |

| | Fiscal Year | | | | |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2010 | 2009 | 2008 | 2007 | 2006 |
| Governmental Activities: | | | | | |
| Net Investment in Capital Assets | \$ 3,211,673 | \$ 3,101,101 | \$ 3,053,427 | \$ 2,947,980 | \$ 2,829,173 |
| Restricted | 1,004,704 | 897,491 | 1,032,035 | 1,091,917 | 1,012,357 |
| Unrestricted | 79,854 | 67,523 | 67,587 | 70,308 | 85,670 |
| Total Governmental Activities Net Position | \$ 4,296,231 | \$ 4,066,115 | \$ 4,153,049 | \$ 4,110,205 | \$ 3,927,200 |
| Business-type Activities: | | | | | |
| Net Investment in Capital Assets | \$ 4,863 | \$ 2,299 | \$ 2,565 | \$ 2,829 | \$ 3,184 |
| Restricted | 2,138 | 302,713 | 284,272 | 284,322 | 262,293 |
| Unrestricted | 445,444 | 102,607 | 122,595 | 94,300 | 89,879 |
| Total Business-type Activities Net Position | \$ 452,445 | \$ 407,619 | \$ 409,432 | \$ 381,451 | \$ 355,356 |
| Primary Government: | | | | | |
| Net Investment in Capital Assets | \$ 3,216,536 | \$ 3,103,400 | \$ 3,055,992 | \$ 2,950,809 | \$ 2,832,357 |
| Restricted | 1,006,842 | 1,200,204 | 1,316,307 | 1,376,239 | 1,274,650 |
| Unrestricted | 525,298 | 170,130 | 190,182 | 164,608 | 175,549 |
| Total Primary Government Net Position | \$ 4,748,676 | \$ 4,473,734 | \$ 4,562,481 | \$ 4,491,656 | \$ 4,282,556 |

Source: South Dakota Comprehensive Annual Financial Reports (FY 2006-2015). Previous years' amounts are not restated.

State of South Dakota
Changes in Net Position
Last Ten Fiscal Years

(Accrual Basis of Accounting, Dollars Expressed in Thousands)

| | Fiscal Year | | | | | | | | | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
| Expenses | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| General Government | \$ 185,273 | \$ 180,221 | \$ 169,843 | \$ 164,005 | \$ 157,405 | \$ 146,193 | \$ 170,900 | \$ 175,272 | \$ 194,266 | \$ 175,826 |
| Education - Elementary, Secondary, and Vocational Schools | 210,271 | 206,939 | 201,177 | 211,413 | 218,959 | 212,919 | 195,534 | 200,226 | 186,599 | 191,460 |
| Education - State Support to Higher Education | 192,950 | 219,341 | 176,294 | 171,701 | 185,757 | 182,681 | 196,007 | 170,348 | 160,725 | 149,040 |
| Health, Human, and Social Services | 1,406,586 | 1,380,648 | 1,367,355 | 1,354,764 | 1,354,829 | 1,337,922 | 1,200,436 | 1,127,618 | 1,043,771 | 1,012,533 |
| Law, Justice, Public Protection, and Regulation | 279,097 | 321,186 | 277,223 | 286,127 | 286,824 | 241,217 | 243,805 | 233,676 | 232,526 | 212,600 |
| Agriculture and Natural Resources | 140,921 | 152,666 | 144,245 | 130,279 | 151,116 | 130,943 | 118,686 | 114,783 | 123,135 | 109,904 |
| Economic Resources | 74,004 | 40,121 | 43,300 | 40,865 | 51,157 | 52,966 | 45,006 | 47,226 | 39,371 | 58,235 |
| Transportation | 507,300 | 473,323 | 537,497 | 482,400 | 508,548 | 457,081 | 408,482 | 316,113 | 362,680 | 316,125 |
| Intergovernmental - Payments to School Districts | 404,909 | 393,606 | 394,857 | 375,008 | 412,310 | 405,947 | 400,162 | 376,843 | 346,582 | 338,008 |
| Intergovernmental - Revenue Sharing | 169,514 | 161,564 | 141,514 | 122,320 | 100,493 | 103,425 | 99,064 | 103,633 | 101,669 | 99,171 |
| Unallocated Interest Expense | 6,712 | 9,198 | 14,537 | 17,393 | 18,711 | 19,820 | 21,514 | 22,805 | 23,191 | 23,998 |
| Unallocated Depreciation | 53 | 53 | 53 | 53 | 58 | 58 | 58 | 58 | 58 | 58 |
| Total Governmental Activities Expenses | 3,577,590 | 3,538,866 | 3,467,895 | 3,356,328 | 3,446,167 | 3,291,172 | 3,099,654 | 2,888,601 | 2,814,573 | 2,686,958 |
| Business-type Activities: | | | | | | | | | | |
| Lottery | 41,053 | 42,806 | 44,114 | 39,877 | 36,775 | 35,411 | 32,767 | 33,419 | 31,404 | 32,409 |
| Clean Water State Revolving | 9,673 | 9,879 | 10,898 | 16,406 | 11,109 | 4,455 | 4,777 | 4,486 | 3,996 | 3,286 |
| Drinking Water State Revolving | 8,651 | 9,352 | 10,337 | 10,936 | 11,964 | 5,066 | 3,253 | 2,855 | 2,720 | 2,574 |
| Other | 56,081 | 66,042 | 81,648 | 92,096 | 100,406 | 125,993 | 89,451 | 54,688 | 56,247 | 60,613 |
| Total business-type Activities Expenses | 115,458 | 128,079 | 146,997 | 159,315 | 160,254 | 170,925 | 130,248 | 95,448 | 94,367 | 98,882 |
| Total Primary Government Expenses | \$ 3,693,048 | \$ 3,666,945 | \$ 3,614,892 | \$ 3,515,643 | \$ 3,606,421 | \$ 3,462,097 | \$ 3,229,902 | \$ 2,984,049 | \$ 2,908,940 | \$ 2,785,840 |
| Program Revenues | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Charges for Services: | | | | | | | | | | |
| General Government | \$ 244,728 | \$ 227,851 | \$ 212,529 | \$ 194,439 | \$ 170,598 | \$ 166,457 | \$ 158,248 | \$ 147,597 | \$ 142,225 | \$ 137,188 |
| Education - Elementary, Secondary, and Vocational Schools | 8,489 | 7,687 | 7,888 | 6,147 | 5,843 | 6,204 | 2,489 | 3,451 | 4,137 | 4,055 |
| Health, Human, and Social Services | 39,058 | 36,597 | 38,098 | 33,030 | 36,256 | 36,758 | 25,865 | 25,858 | 25,506 | 30,665 |
| Law, Justice, Public Protection, and Regulation | 85,252 | 76,048 | 80,750 | 66,235 | 60,555 | 57,213 | 50,888 | 50,335 | 49,435 | 44,624 |
| Agriculture and Natural Resources | 76,994 | 77,514 | 72,972 | 69,331 | 67,815 | 64,940 | 61,572 | 65,783 | 54,403 | 52,962 |
| Economic Resources | 1,611 | 3,789 | 3,064 | 3,268 | 1,332 | 1,796 | 2,379 | 2,011 | 1,788 | 2,183 |
| Transportation | 9,007 | 6,979 | 6,682 | 7,514 | 7,776 | 6,301 | 6,052 | 6,815 | 6,007 | 13,718 |
| Operating Grants and Contributions | 1,493,542 | 1,582,641 | 1,588,413 | 1,670,046 | 1,838,312 | 1,768,957 | 1,447,753 | 1,246,925 | 1,258,548 | 1,205,317 |
| Capital Grants and Contributions | 21,946 | 1,516 | 1,046 | 1,608 | 3,945 | 2,275 | 2,519 | 25,395 | 1,000 | 6,570 |
| Total Governmental Activities Program Revenues | 1,980,627 | 2,020,622 | 2,011,442 | 2,051,618 | 2,192,432 | 2,110,901 | 1,757,765 | 1,574,170 | 1,543,049 | 1,497,282 |
| Business-type Activities: | | | | | | | | | | |
| Charges for Services: | | | | | | | | | | |
| Lottery | 152,362 | 148,323 | 151,414 | 143,078 | 144,460 | 154,669 | 152,590 | 156,241 | 152,697 | 151,647 |
| Clean Water State Revolving | 6,856 | 6,019 | 5,277 | 5,677 | 6,014 | 5,781 | 4,954 | 4,826 | 4,479 | 3,659 |
| Drinking Water State Revolving | 4,197 | 4,327 | 4,321 | 4,922 | 4,807 | 3,997 | 3,696 | 3,582 | 3,460 | 2,773 |
| Other | 71,243 | 81,681 | 85,946 | 94,455 | 112,210 | 119,048 | 60,925 | 59,152 | 54,166 | 57,684 |
| Operating Grants and Contributions | 30,005 | 33,994 | 30,519 | 30,910 | 52,926 | 50,927 | 26,272 | 21,879 | 26,262 | 30,098 |
| Capital Grants and Contributions | 2,810 | | | | | | | | | |
| Total Business-type Activities Program Revenues | 267,473 | 274,344 | 277,477 | 279,042 | 320,417 | 334,422 | 248,437 | 245,680 | 241,064 | 245,861 |
| Total Primary Government Program Revenues | \$ 2,248,100 | \$ 2,294,966 | \$ 2,288,919 | \$ 2,330,660 | \$ 2,512,849 | \$ 2,445,323 | \$ 2,006,202 | \$ 1,819,850 | \$ 1,784,113 | \$ 1,743,143 |
| Net (Expense)/Revenue | | | | | | | | | | |
| Governmental Activities | \$ (1,596,963) | \$ (1,518,244) | \$ (1,456,453) | \$ (1,304,710) | \$ (1,253,735) | \$ (1,180,271) | \$ (1,341,889) | \$ (1,314,431) | \$ (1,271,524) | \$ (1,189,676) |
| Business-type Activities | 152,015 | 146,265 | 130,480 | 119,727 | 160,163 | 163,497 | 118,189 | 150,232 | 146,697 | 146,979 |
| Total Primary Government | \$ (1,444,948) | \$ (1,371,979) | \$ (1,325,973) | \$ (1,184,983) | \$ (1,093,572) | \$ (1,016,774) | \$ (1,223,700) | \$ (1,164,199) | \$ (1,124,827) | \$ (1,042,697) |
| General Revenues and Other Changes in Net Position | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Taxes: | | | | | | | | | | |
| Sales Taxes | \$ 871,402 | \$ 858,001 | \$ 802,700 | \$ 779,002 | \$ 741,455 | \$ 663,146 | \$ 675,652 | \$ 668,123 | \$ 625,133 | \$ 597,230 |
| Motor Fuel Taxes | 151,901 | 136,395 | 139,048 | 130,864 | 130,542 | 127,807 | 124,442 | 125,005 | 146,851 | 145,415 |
| Contractors Excise Taxes | 101,678 | 93,746 | 94,967 | 90,636 | 66,518 | 85,973 | 71,533 | 79,137 | 81,069 | 76,979 |
| Bank Card and Franchise Taxes | 20,669 | 23,943 | 49,493 | 32,941 | 16,954 | 16,674 | 55,260 | 62,036 | 76,497 | 65,187 |
| Other Taxes | 331,649 | 311,397 | 299,726 | 297,750 | 266,415 | 273,535 | 261,176 | 264,944 | 211,452 | 183,236 |
| Investment Earnings | 47,130 | 142,003 | 130,881 | 29,925 | 143,106 | 101,246 | (91,586) | (18,946) | 137,568 | 60,956 |
| Gain on Sale of Capital Assets | 1,198 | 2,726 | 2,127 | 3,915 | 819 | 526 | 919 | 1,135 | 1,305 | 42,344 |
| Miscellaneous | 81,275 | 133,988 | 76,047 | 51,652 | 41,519 | 36,625 | 52,288 | 41,805 | 39,667 | 35,493 |
| Special Items | | 17,619 | | | | | | | | |
| Transfers | 113,558 | 102,937 | 104,426 | 100,257 | 107,750 | 118,671 | 120,002 | 122,251 | 120,065 | 117,703 |
| Total Governmental Activities | 1,720,460 | 1,822,755 | 1,699,415 | 1,516,942 | 1,515,078 | 1,424,203 | 1,269,686 | 1,345,490 | 1,439,607 | 1,324,543 |
| Business-type Activities: | | | | | | | | | | |
| Transfers | (113,558) | (102,937) | (104,426) | (100,257) | (107,750) | (118,671) | (120,002) | (122,251) | (120,065) | (117,703) |
| Total Business-type Activities | (113,558) | (102,937) | (104,426) | (100,257) | (107,750) | (118,671) | (120,002) | (122,251) | (120,065) | (117,703) |
| Total Primary Government | \$ 1,606,902 | \$ 1,719,818 | \$ 1,594,989 | \$ 1,416,685 | \$ 1,407,328 | \$ 1,305,532 | \$ 1,149,684 | \$ 1,223,239 | \$ 1,319,542 | \$ 1,206,840 |
| Change in Net Position | | | | | | | | | | |
| Governmental Activities | \$ 123,497 | \$ 304,511 | \$ 242,962 | \$ 212,232 | \$ 261,343 | \$ 243,932 | \$ (72,203) | \$ 31,059 | \$ 168,083 | \$ 134,867 |
| Business-type Activities | 38,457 | 43,328 | 26,054 | 19,470 | 52,413 | 44,826 | (1,813) | 27,981 | 26,632 | 29,276 |
| Total Primary Government | \$ 161,954 | \$ 347,839 | \$ 269,016 | \$ 231,702 | \$ 313,756 | \$ 288,758 | \$ (74,016) | \$ 59,040 | \$ 194,715 | \$ 164,143 |

Source: South Dakota Comprehensive Annual Financial Reports (FY 2006-2015). Previous years' amounts are not restated.

State of South Dakota
Fund Balances, Governmental Funds
Last Ten Fiscal Years

(Modified Accrual Basis of Accounting, Dollars Expressed in Thousands)

| | Fiscal Year | | | | | | | | | |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|------|
| | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
| General Fund (Per GASB 54): | | | | | | | | | | |
| Non-Spendable | \$ 3,911 | \$ 3,629 | \$ 3,419 | \$ 2,916 | \$ 3,148 | | | | | |
| Restricted | 10,479 | 8,264 | 1,018 | | | | | | | |
| Committed | | | | | | | | | | |
| Assigned | 120,180 | 149,021 | 126,872 | 140,706 | 148,137 | | | | | |
| Unassigned | 183,570 | 159,403 | 186,444 | 147,445 | 136,018 | | | | | |
| Total General Fund | \$ 318,140 | \$ 320,317 | \$ 317,753 | \$ 291,067 | \$ 287,303 | | | | | |
| Other Governmental Funds (Per GASB 54): | | | | | | | | | | |
| Non-Spendable | \$ 501,093 | \$ 493,227 | \$ 717,108 | \$ 706,054 | \$ 683,786 | | | | | |
| Restricted | 949,713 | 918,910 | 551,014 | 460,450 | 493,638 | | | | | |
| Committed | 51,119 | 46,766 | 43,993 | 38,930 | 36,844 | | | | | |
| Assigned | 27,633 | 34,339 | 49,758 | 43,815 | 34,684 | | | | | |
| Unassigned | (3,624) | (5,040) | (1,462) | (2,931) | (18,859) | | | | | |
| Total Other Governmental Funds | \$ 1,525,934 | \$ 1,488,202 | \$ 1,360,411 | \$ 1,246,318 | \$ 1,230,093 | | | | | |
| General Fund (Prior to GASB 54): | | | | | | | | | | |
| Reserved | | | | | \$ 21,104 | \$ 21,215 | \$ 31,139 | \$ 32,581 | \$ 22,993 | |
| Unreserved | | | | | 133,962 | 131,363 | 138,883 | 142,809 | 142,505 | |
| Total General Fund | | | | | \$ 155,066 | \$ 152,578 | \$ 170,022 | \$ 175,390 | \$ 165,498 | |
| Other Governmental Funds (Prior to GASB 54): | | | | | | | | | | |
| Reserved | | | | | \$ 873,931 | \$ 872,653 | \$ 886,761 | \$ 848,892 | \$ 836,770 | |
| Unreserved, Reported in: | | | | | | | | | | |
| Special Revenue Funds | | | | | 332,270 | 232,200 | 342,384 | 446,152 | 394,636 | |
| Capital Projects Funds | | | | | 148 | 2,484 | 2,460 | 7,084 | 10,068 | |
| Total Other Governmental Funds | | | | | \$ 1,206,349 | \$ 1,107,337 | \$ 1,231,605 | \$ 1,302,128 | \$ 1,241,474 | |

Note: The State of South Dakota implemented GASB Statement 54 in Fiscal Year 2011, which significantly changed the fund balance classifications. Fiscal Year 2015 fund balance classifications are not comparable to classifications to years prior to 2011.

Source: South Dakota Comprehensive Annual Financial Reports (FY 2006-2015).

State of South Dakota
Changes in Fund Balances, All Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting, Dollars Expressed in Thousands)

| | Fiscal Year | | | | | | | | | |
|---|------------------|-------------------|-------------------|------------------|-------------------|-------------------|---------------------|--------------------|------------------|-------------------|
| | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
| Revenues | | | | | | | | | | |
| Taxes | | | | | | | | | | |
| Sales & Use | \$ 876,138 | \$ 857,559 | \$ 802,700 | \$ 779,002 | \$ 741,455 | \$ 663,146 | \$ 675,652 | \$ 668,123 | \$ 625,133 | \$ 597,230 |
| Insurance Company | 80,133 | 73,876 | 70,740 | 66,679 | 61,799 | 62,499 | 61,669 | 60,930 | 55,900 | 55,810 |
| Liquor | 16,356 | 15,988 | 15,835 | 14,519 | 14,953 | 14,247 | 14,782 | 13,044 | 13,138 | 12,602 |
| Cigarette | 52,776 | 51,616 | 51,940 | 50,704 | 46,700 | 62,918 | 56,607 | 57,160 | 43,998 | 26,689 |
| Bank Franchise | 20,669 | 23,943 | 49,493 | 32,941 | 16,954 | 16,674 | 55,260 | 62,036 | 76,497 | 65,187 |
| Contractor's Excise | 102,246 | 93,746 | 94,967 | 90,636 | 66,518 | 85,973 | 71,533 | 79,137 | 81,069 | 76,980 |
| Severance | 7,508 | 9,286 | 9,141 | 15,153 | 9,748 | 9,229 | 7,972 | 6,847 | 5,160 | 4,422 |
| Other Tobacco | 7,995 | 8,131 | 6,562 | 6,495 | 6,075 | 4,912 | 6,273 | 5,368 | 2,230 | 1,460 |
| Motor Fuel & Vehicle | 240,382 | 215,203 | 212,521 | 206,259 | 192,198 | 184,953 | 179,125 | 187,654 | 176,788 | 171,095 |
| Other | 78,434 | 73,688 | 72,018 | 68,807 | 65,482 | 62,584 | 59,190 | 59,005 | 61,088 | 56,573 |
| Licenses, Permits & Fees | 281,742 | 267,628 | 252,420 | 225,803 | 202,449 | 197,006 | 180,337 | 175,989 | 166,133 | 159,597 |
| Fines, Forfeits & Penalties | 14,516 | 10,781 | 16,189 | 13,490 | 12,142 | 11,306 | 11,327 | 11,141 | 8,637 | 7,397 |
| Use of Money & Property | 59,865 | 157,633 | 153,479 | 42,881 | 162,577 | 123,020 | (77,407) | (2,123) | 160,057 | 86,306 |
| Sales & Services | 42,531 | 39,712 | 37,679 | 34,290 | 32,499 | 32,659 | 35,114 | 33,885 | 31,764 | 27,204 |
| Admin. Programs | 1,503,362 | 1,567,027 | 1,573,326 | 1,657,602 | 1,820,205 | 1,745,559 | 1,434,664 | 1,222,191 | 1,232,755 | 1,195,842 |
| Tobacco Settlement | 23,421 | 26,561 | 24,128 | 24,135 | 23,673 | 25,175 | 29,986 | 27,616 | 21,369 | 20,415 |
| Other Revenue | 77,614 | 129,147 | 65,272 | 42,676 | 40,008 | 33,437 | 27,858 | 26,215 | 27,864 | 32,442 |
| Total Revenues | 3,485,688 | 3,621,525 | 3,508,410 | 3,372,072 | 3,515,435 | 3,335,297 | 2,829,942 | 2,694,218 | 2,789,580 | 2,597,251 |
| Expenditures | | | | | | | | | | |
| General Government | 87,785 | 87,409 | 74,394 | 73,714 | 70,493 | 71,532 | 76,533 | 76,431 | 79,349 | 76,734 |
| Education | 804,348 | 835,894 | 782,276 | 778,707 | 832,936 | 816,454 | 787,670 | 743,024 | 690,874 | 675,100 |
| Health, Human & Social Services | 1,435,850 | 1,387,821 | 1,364,933 | 1,351,100 | 1,350,402 | 1,364,846 | 1,222,021 | 1,124,311 | 1,038,035 | 1,010,287 |
| Law, Justice, Public Protection & Regulation | 281,688 | 320,080 | 280,691 | 303,237 | 311,583 | 263,499 | 240,601 | 231,559 | 224,404 | 232,803 |
| Agriculture & Natural Resources | 143,466 | 148,596 | 139,861 | 138,598 | 155,064 | 132,683 | 125,640 | 123,257 | 123,367 | 109,781 |
| Economic Resources | 74,182 | 40,062 | 43,108 | 40,553 | 50,986 | 52,872 | 44,940 | 46,893 | 39,124 | 57,981 |
| Transportation | 554,536 | 582,939 | 604,048 | 625,661 | 576,777 | 495,796 | 448,159 | 400,200 | 492,073 | 477,845 |
| State Shared Revenue | 169,514 | 161,564 | 141,514 | 122,320 | 100,493 | 103,425 | 99,064 | 103,633 | 101,669 | 99,171 |
| Capital Outlay | 2,038 | 2,541 | 387 | 4,773 | 4,381 | 2,336 | 2,172 | 4,622 | 8,982 | |
| Debt Service: | | | | | | | | | | |
| Principal | 17,272 | 20,973 | 30,059 | 25,622 | 22,225 | 22,958 | 26,951 | 24,582 | 21,419 | 15,704 |
| Interest | 9,261 | 10,206 | 13,896 | 16,219 | 17,504 | 18,550 | 20,174 | 21,542 | 21,832 | 22,980 |
| Bond Issuance Costs | 346 | 83 | 1,817 | | | | | | | |
| Payment to Refunded Bond Escrow Agent | | 16,924 | 8,016 | | | | | | | |
| Total Expenditures | 3,580,286 | 3,615,092 | 3,485,000 | 3,480,504 | 3,492,844 | 3,344,951 | 3,093,925 | 2,900,054 | 2,841,128 | 2,778,386 |
| Excess of Revenues Over (Under) Expenditures | (94,598) | 6,433 | 23,410 | (108,432) | 22,591 | (9,654) | (263,983) | (205,836) | (51,548) | (181,135) |
| Other Financing Sources (Uses): | | | | | | | | | | |
| Capital Leases | 1,125 | 20,350 | 12,605 | 23,770 | 19,465 | | | | | |
| Insurance Proceeds | | 24 | | 222 | | 809 | | | | |
| Bonds Issued | 13,410 | 4,500 | | | 9,505 | | 2,175 | | 5,950 | 10,000 |
| Premiums on Bond Issuance | 314 | | | | 154 | | 44 | | 15 | 280 |
| Proceeds of Refunding Bonds | 10,408 | | 169,645 | | 801 | | | | 25,855 | 2,864 |
| Premiums on Refunding Bonds | 1,657 | | 9,026 | | 24 | | | | 1,165 | 149 |
| Proceeds from Sale of Capital Assets | 2,099 | 4,459 | 5,154 | 6,096 | 1,588 | 4,963 | 3,296 | 2,757 | 2,707 | 10,799 |
| Payments on Advance Refundings | (11,379) | | (176,854) | | (741) | | | | (26,715) | (2,932) |
| Transfers In | 271,301 | 262,172 | 254,094 | 270,315 | 237,968 | 413,897 | 383,285 | 436,670 | 370,854 | 415,783 |
| Transfers Out | (158,782) | (167,866) | (150,699) | (171,982) | (135,374) | (294,699) | (265,348) | (311,538) | (257,737) | (298,868) |
| Net Other Financing Sources (Uses) | 130,153 | 123,639 | 122,971 | 128,421 | 133,390 | 124,970 | 123,452 | 127,889 | 122,094 | 138,075 |
| Special Item | | | | | | | | | | |
| Sale of Railroad Infrastructure | | | | | | | | | | 34,337 |
| Total Special Items | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 34,337 |
| Net Change in Fund Balances | \$ 35,555 | \$ 130,072 | \$ 146,381 | \$ 19,989 | \$ 155,981 | \$ 115,316 | \$ (140,531) | \$ (77,947) | \$ 70,546 | \$ (8,723) |
| Debt Service as a Percentage of | | | | | | | | | | |
| Noncapital Expenditures | 0.79% | 1.42% | 1.63% | 1.31% | 1.21% | 1.32% | 1.60% | 1.69% | 1.64% | 1.53% |

Source: South Dakota Comprehensive Annual Financial Reports (FY 2006-2015). Previous years' amounts are not restated.

State of South Dakota
Taxable Sales by Industry
Last Ten Fiscal Years
(Dollars Expressed in Thousands)

| Taxable Sales by Industry | Fiscal Year | | | | |
|-------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2015 | 2014 | 2013 | 2012 | 2011 |
| Agriculture, Forestry, and Fishing | \$ 297,936 | \$ 287,680 | \$ 253,605 | \$ 241,819 | \$ 224,548 |
| Mining | 105,773 | 118,587 | 102,408 | 112,925 | 95,566 |
| Construction | 27,123 | 31,241 | 25,832 | 23,842 | 19,479 |
| Manufacturing | 873,909 | 902,791 | 778,735 | 788,163 | 944,070 |
| Transportation and Public Utilities | 2,765,194 | 2,769,521 | 2,556,524 | 2,422,870 | 2,920,135 |
| Wholesale Trade | 1,617,613 | 1,514,416 | 1,403,736 | 1,460,278 | 1,300,644 |
| Retail Trade | 10,864,164 | 10,571,228 | 10,162,245 | 9,764,051 | 8,930,620 |
| Finance, Insurance, and Real Estate | 394,780 | 384,474 | 367,556 | 308,237 | 291,692 |
| Services | 3,650,026 | 3,396,424 | 3,231,543 | 3,090,080 | 2,980,187 |
| Public Administration | 2,390 | 2,029 | 4,082 | 1,799 | 2,082 |
| Nonclassifiable Establishments | | | | | |
| Totals | \$ 20,598,908 | \$ 19,978,391 | \$ 18,886,266 | \$ 18,214,064 | \$ 17,709,023 |
| Direct Sales Tax Rate | 4.00% | 4.00% | 4.00% | 4.00% | 4.00% |

| Taxable Sales by Industry | Fiscal Year | | | | |
|-------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2010 | 2009 | 2008 | 2007 | 2006 |
| Agriculture, Forestry, and Fishing | \$ 206,139 | \$ 206,927 | \$ 199,715 | \$ 178,366 | \$ 170,983 |
| Mining | 62,308 | 106,421 | 87,996 | 79,841 | 73,130 |
| Construction | 20,345 | 38,652 | 34,042 | 18,338 | 20,626 |
| Manufacturing | 592,309 | 642,782 | 658,846 | 675,156 | 611,195 |
| Transportation and Public Utilities | 2,536,794 | 2,464,786 | 2,324,638 | 2,010,946 | 1,853,628 |
| Wholesale Trade | 1,131,812 | 1,262,986 | 1,253,201 | 1,151,922 | 1,115,834 |
| Retail Trade | 8,588,168 | 8,654,677 | 8,572,397 | 8,080,893 | 7,870,890 |
| Finance, Insurance, and Real Estate | 307,204 | 301,474 | 320,208 | 318,811 | 317,054 |
| Services | 2,773,413 | 2,784,114 | 2,721,315 | 2,561,395 | 2,346,888 |
| Public Administration | 1,584 | 1,629 | 1,456 | 1,337 | 1,307 |
| Nonclassifiable Establishments | 6 | 8 | 36 | 8 | 9 |
| Totals | \$ 16,220,082 | \$ 16,464,456 | \$ 16,173,850 | \$ 15,077,013 | \$ 14,381,544 |
| Direct Sales Tax Rate | 4.00% | 4.00% | 4.00% | 4.00% | 3.98% |

Source: South Dakota Sales and Use Tax Report, Department of Revenue and Regulation.

Notes:

- (a) Due to confidentiality issues, the names of the ten largest sales tax revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the State's sales tax resources, representing the largest source of funding for the General Fund.
- (b) Taxable sales: This is the amount of sales and use taxable sales on tangible personal property, services and products delivered electronically which are subject to state tax or reservation tax unless specifically exempted. No Contractors Excise taxes are included.
- (c) Whenever there are less than 3 licenses in any one classification, the information is combined into the "Nonclassifiable Establishments" category.
- (d) Prior to January 1, 2006, a tax was imposed upon gross receipts from selling, leasing, and renting tangible personal property and the sales of services, except for the gross receipts from the sale and lease of agricultural machinery, irrigation equipment, and oil and gas field services, which were taxed at 3%. Beginning January 1, 2006, all items subject to the state sales tax will be taxed at 4% to conform to the Streamlined Sales Tax Project. A use tax of the same rate as the sales tax rate is imposed on goods and services that are used, stored, or consumed in South Dakota on which South Dakota sales tax was not paid.
- (e) The taxable figures could include amended returns that were due in prior periods.

State of South Dakota
Sales Tax Revenue Payers by Industry
Last Ten Fiscal Years
(Dollars Expressed in Thousands)

| Fiscal Year 2015 | | | | |
|-------------------------------------|------------------|------------------|----------------------|------------------|
| | Number of Filers | Percent of Total | Taxable sales | Percent of Total |
| Agriculture, Forestry, and Fishing | 3,162 | 3.76% | \$ 297,936 | 1.45% |
| Mining | 231 | 0.28% | 105,773 | 0.51% |
| Construction | 527 | 0.63% | 27,123 | 0.13% |
| Manufacturing | 3,939 | 4.69% | 873,909 | 4.24% |
| Transportation and Public Utilities | 2,697 | 3.21% | 2,765,194 | 13.42% |
| Wholesale Trade | 6,940 | 8.26% | 1,617,613 | 7.85% |
| Retail Trade | 31,642 | 37.65% | 10,864,164 | 52.74% |
| Finance, Insurance, and Real Estate | 2,136 | 2.54% | 394,780 | 1.92% |
| Services | 32,706 | 38.92% | 3,650,026 | 17.72% |
| Public Administration | 56 | 0.07% | 2,390 | 0.01% |
| Nonclassifiable Establishments | | 0.00% | | 0.00% |
| Total | 84,036 | 100.00% | \$ 20,598,908 | 100.00% |

| Fiscal Year 2012 | | | | |
|-------------------------------------|------------------|------------------|----------------------|------------------|
| | Number of Filers | Percent of Total | Taxable sales | Percent of Total |
| Agriculture, Forestry, and Fishing | 3,274 | 4.05% | \$ 241,819 | 1.33% |
| Mining | 218 | 0.27% | 112,925 | 0.62% |
| Construction | 469 | 0.58% | 23,842 | 0.13% |
| Manufacturing | 3,399 | 4.20% | 788,163 | 4.33% |
| Transportation and Public Utilities | 3,034 | 3.75% | 2,422,870 | 13.30% |
| Wholesale Trade | 7,186 | 8.88% | 1,460,278 | 8.02% |
| Retail Trade | 29,963 | 37.02% | 9,764,051 | 53.61% |
| Finance, Insurance, and Real Estate | 2,116 | 2.62% | 308,237 | 1.69% |
| Services | 31,216 | 38.57% | 3,090,080 | 16.97% |
| Public Administration | 56 | 0.07% | 1,799 | 0.01% |
| Nonclassifiable Establishments | | 0.00% | | 0.00% |
| Total | 80,931 | 100.00% | \$ 18,214,064 | 100.00% |

| Fiscal Year 2009 | | | | |
|-------------------------------------|------------------|------------------|----------------------|------------------|
| | Number of Filers | Percent of Total | Taxable sales | Percent of Total |
| Agriculture, Forestry, and Fishing | 2,933 | 3.54% | \$ 206,927 | 1.26% |
| Mining | 218 | 0.26% | 106,421 | 0.65% |
| Construction | 547 | 0.66% | 38,652 | 0.24% |
| Manufacturing | 3,397 | 4.10% | 642,782 | 3.90% |
| Transportation and Public Utilities | 3,817 | 4.61% | 2,464,786 | 14.97% |
| Wholesale Trade | 7,318 | 8.83% | 1,262,986 | 7.67% |
| Retail Trade | 32,538 | 39.26% | 8,654,677 | 52.57% |
| Finance, Insurance, and Real Estate | 2,196 | 2.65% | 301,474 | 1.83% |
| Services | 29,880 | 36.05% | 2,784,114 | 16.91% |
| Public Administration | 38 | 0.05% | 1,629 | 0.01% |
| Nonclassifiable Establishments | 3 | 0.00% | 8 | 0.00% |
| Total | 82,885 | 100.00% | \$ 16,464,456 | 100.00% |

| Fiscal Year 2006 | | | | |
|-------------------------------------|------------------|------------------|----------------------|------------------|
| | Number of Filers | Percent of Total | Taxable sales | Percent of Total |
| Agriculture, Forestry, and Fishing | 2,711 | 4.21% | \$ 170,983 | 1.190% |
| Mining | 153 | 0.24% | 73,130 | 0.510% |
| Construction | 502 | 0.78% | 20,626 | 0.140% |
| Manufacturing | 2,120 | 3.29% | 611,195 | 4.25% |
| Transportation and Public Utilities | 2,722 | 4.23% | 1,853,628 | 12.890% |
| Wholesale Trade | 3,932 | 6.11% | 1,115,834 | 7.760% |
| Retail Trade | 23,505 | 36.50% | 7,870,890 | 54.730% |
| Finance, Insurance, and Real Estate | 1,678 | 2.61% | 317,054 | 2.210% |
| Services | 27,037 | 41.98% | 2,346,888 | 16.32% |
| Public Administration | 34 | 0.05% | 1,307 | 0.010% |
| Nonclassifiable Establishments | 1 | 0.00% | 9 | 0.000% |
| Total | 64,395 | 100.00% | \$ 14,381,544 | 100.00% |

| Fiscal Year 2014 | | | |
|------------------|------------------|----------------------|------------------|
| Number of Filers | Percent of Total | Taxable sales | Percent of Total |
| 3,411 | 4.04% | \$ 287,680 | 1.44% |
| 237 | 0.28% | 118,587 | 0.59% |
| 525 | 0.62% | 31,241 | 0.16% |
| 3,820 | 4.53% | 902,791 | 4.52% |
| 2,728 | 3.23% | 2,769,521 | 13.86% |
| 6,908 | 8.19% | 1,514,416 | 7.58% |
| 31,494 | 37.33% | 10,571,228 | 52.91% |
| 2,172 | 2.58% | 384,474 | 1.92% |
| 33,007 | 39.13% | 3,396,424 | 17.00% |
| 56 | 0.07% | 2,029 | 0.01% |
| | 0.00% | | 0.00% |
| 84,358 | 100.00% | \$ 19,978,391 | 100.00% |

| Fiscal Year 2011 | | | |
|------------------|------------------|----------------------|------------------|
| Number of Filers | Percent of Total | Taxable sales | Percent of Total |
| 3,165 | 3.99% | \$ 224,548 | 1.27% |
| 223 | 0.28% | 95,566 | 0.54% |
| 447 | 0.56% | 19,479 | 0.11% |
| 3,306 | 4.17% | 944,070 | 5.33% |
| 3,297 | 4.16% | 2,920,135 | 16.49% |
| 6,741 | 8.50% | 1,300,644 | 7.35% |
| 29,017 | 36.59% | 8,930,620 | 50.43% |
| 2,121 | 2.67% | 291,692 | 1.65% |
| 30,934 | 39.01% | 2,980,187 | 16.83% |
| 55 | 0.07% | 2,082 | 0.01% |
| - | 0.00% | - | 0.00% |
| 79,306 | 100.00% | \$ 17,709,023 | 100.00% |

| Fiscal Year 2008 | | | |
|------------------|------------------|----------------------|------------------|
| Number of Filers | Percent of Total | Taxable sales | Percent of Total |
| 2,856 | 3.84% | \$ 199,715 | 1.24% |
| 185 | 0.25% | 87,996 | 0.54% |
| 514 | 0.69% | 34,042 | 0.21% |
| 2,882 | 3.87% | 658,846 | 4.07% |
| 3,137 | 4.22% | 2,324,638 | 14.37% |
| 5,780 | 7.77% | 1,253,201 | 7.75% |
| 28,216 | 37.92% | 8,572,397 | 53.00% |
| 1,994 | 2.68% | 320,208 | 1.98% |
| 28,817 | 38.72% | 2,721,315 | 16.83% |
| 33 | 0.04% | 1,456 | 0.01% |
| 4 | 0.01% | 36 | 0.00% |
| 74,418 | 100.00% | \$ 16,173,850 | 100.00% |

| Fiscal Year 2013 | | | |
|------------------|------------------|----------------------|------------------|
| Number of Filers | Percent of Total | Taxable sales | Percent of Total |
| 3,424 | 4.13% | \$ 253,605 | 1.34% |
| 233 | 0.28% | 102,408 | 0.54% |
| 463 | 0.56% | 25,832 | 0.14% |
| 3,608 | 4.35% | 778,735 | 4.12% |
| 2,941 | 3.55% | 2,556,524 | 13.54% |
| 7,226 | 8.72% | 1,403,736 | 7.43% |
| 30,452 | 36.74% | 10,162,245 | 53.81% |
| 2,133 | 2.57% | 367,556 | 1.95% |
| 32,354 | 39.03% | 3,231,543 | 17.11% |
| 60 | 0.07% | 4,082 | 0.02% |
| | 0.00% | | 0.00% |
| 82,894 | 100.00% | \$ 18,886,266 | 100.00% |

| Fiscal Year 2010 | | | |
|------------------|------------------|----------------------|------------------|
| Number of Filers | Percent of Total | Taxable sales | Percent of Total |
| 2,975 | 3.97% | \$ 206,139 | 1.27% |
| 218 | 0.29% | 62,308 | 0.38% |
| 462 | 0.62% | 20,345 | 0.13% |
| 3,084 | 4.11% | 592,309 | 3.65% |
| 3,093 | 4.13% | 2,536,794 | 15.64% |
| 6,237 | 8.32% | 1,131,812 | 6.98% |
| 28,214 | 37.63% | 8,588,168 | 52.95% |
| 2,058 | 2.75% | 307,204 | 1.89% |
| 28,589 | 38.13% | 2,773,413 | 17.10% |
| 44 | 0.06% | 1,584 | 0.01% |
| 1 | 0.00% | 6 | 0.00% |
| 74,975 | 100.00% | \$ 16,220,082 | 100.00% |

| Fiscal Year 2007 | | | |
|------------------|------------------|----------------------|------------------|
| Number of Filers | Percent of Total | Taxable sales | Percent of Total |
| 2,665 | 3.87% | \$ 178,366 | 1.18% |
| 170 | 0.25% | 79,841 | 0.53% |
| 461 | 0.67% | 18,338 | 0.12% |
| 2,778 | 4.04% | 675,156 | 4.48% |
| 3,077 | 4.47% | 2,010,946 | 13.34% |
| 5,444 | 7.91% | 1,151,922 | 7.64% |
| 25,655 | 37.27% | 8,080,893 | 53.60% |
| 1,846 | 2.68% | 318,811 | 2.12% |
| 26,711 | 38.80% | 2,561,395 | 16.99% |
| 35 | 0.05% | 1,337 | 0.01% |
| 1 | 0.00% | 8 | 0.00% |
| 68,843 | 100.00% | \$ 15,077,013 | 100.00% |

Source: South Dakota Sales and Use Tax Report, Department of Revenue and Regulation.

Notes:

- Due to confidentiality issues, the names of the ten largest sales tax revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the State's sales tax resources, representing the largest source of funding for the General Fund.
- Taxable sales: This is the amount of sales and use taxable sales of tangible personal property, services and products delivered electronically which are subject to state tax or reservation tax unless specifically exempted. No Contractors Excise taxes are included.
- Whenever there are less than 3 licenses in any one classification, the information is combined into the "Nonclassifiable Establishments" category.
- Prior to January 1, 2006, a tax was imposed upon gross receipts from selling, leasing, and renting tangible personal property and the sales of services, except for the gross receipts from the sale and lease of agricultural machinery, irrigation equipment, and oil and gas field services, which were taxed at 3%. Beginning January 1, 2006, all items subject to the state sales tax will be taxed at 4% to conform to the Streamlined Sales Tax Project. A use tax of the same rate as the sales tax rate is imposed on goods and services that are used, stored, or consumed in South Dakota on which South Dakota sales tax was not paid.
- The taxable figures could include amended returns that were due in prior periods.

State of South Dakota
Ratios of Outstanding Long-Term Debt
Last Ten Fiscal Years

(Dollars Expressed in Thousands)

| | Fiscal Year | | | | |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 2015 | 2014 | 2013 | 2012 | 2011 |
| Governmental Activities: | | | | | |
| Revenue Bonds | \$ 174,764 | \$ 177,303 | \$ 191,295 | \$ 227,586 | \$ 250,376 |
| Trust Certificates | 570 | 880 | 13,595 | 16,490 | 19,250 |
| Capital Leases | 116,352 | 100,727 | 78,682 | 64,279 | 40,187 |
| Total Governmental Activities | 291,686 | 278,910 | 283,572 | 308,355 | 309,813 |
| Business-type Activities: | | | | | |
| Revenue Bonds | 263,818 | 207,448 | 212,523 | 222,705 | 174,218 |
| Capital Leases | | | | | |
| Total Business-type Activities | 263,818 | 207,448 | 212,523 | 222,705 | 174,218 |
| Total Primary Government | \$ 555,504 | \$ 486,358 | \$ 496,095 | \$ 531,060 | \$ 484,031 |
| South Dakota Total Personal Income (r) | \$ 38,631,202 | \$ 37,855,216 | \$ 37,378,789 | \$ 36,461,838 | \$ 32,813,985 |
| Debt as a Percentage of Personal Income | 1.4% | 1.3% | 1.3% | 1.5% | 1.5% |
| South Dakota Population (in thousands) | 853 | 853 | 846 | 835 | 824 |
| Long-Term Debt per Capita | \$ 651.24 | \$ 570.17 | \$ 586.40 | \$ 636.00 | \$ 587.42 |

| | Fiscal Year | | | | |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 2010 | 2009 | 2008 | 2007 | 2006 |
| Governmental Activities: | | | | | |
| Revenue Bonds | \$ 260,168 | \$ 280,501 | \$ 302,663 | \$ 324,250 | \$ 336,976 |
| Trust Certificates | 21,895 | 24,435 | 26,870 | 29,730 | 32,465 |
| Capital Leases | 25,480 | 29,632 | 30,971 | 30,992 | 30,925 |
| Total Governmental Activities | 307,543 | 334,568 | 360,504 | 384,972 | 400,366 |
| Business-type Activities: | | | | | |
| Revenue Bonds | 126,510 | 131,097 | 135,525 | 99,798 | 102,322 |
| Capital Leases | | | | 4 | 13 |
| Total Business-type Activities | 126,510 | 131,097 | 135,525 | 99,802 | 102,335 |
| Total Primary Government | \$ 434,053 | \$ 465,665 | \$ 496,029 | \$ 484,774 | \$ 502,701 |
| South Dakota Total Personal Income (r) | \$ 31,202,233 | \$ 32,040,940 | \$ 29,493,814 | \$ 26,543,123 | \$ 25,935,099 |
| Debt as a Percentage of Personal Income | 1.4% | 1.5% | 1.7% | 1.8% | 1.9% |
| South Dakota Population (in thousands) | 816 | 812 | 805 | 797 | 789 |
| Long-Term Debt per Capita | \$ 531.93 | \$ 573.48 | \$ 616.19 | \$ 608.25 | \$ 637.14 |

Source: Debt information obtained from the South Dakota Comprehensive Annual Financial Reports (FY 2006-2015)
Total Personal Income and Population data: US Bureau of Economic Analysis

- Note:**
- (a) South Dakota Total Personal Income figure for 2015 is preliminary.
 - (b) Detail about the State's debt can be found in Note 14 of the financial statements.
 - (c) Generally, the State Constitution prohibits the State from having general obligation indebtedness in excess of \$100,000.
 - (d) The State has no specific limitation of the debt that can be issued by the Building Authority, Educational Enhancement Funding Corporation, Clean Water State Revolving Fund and the Drinking Water State Revolving Fund, however Legislative approval is required.
 - (r) Data for Total Personal Income for 2006 - 2014 has been revised.

State of South Dakota
Ratios of Outstanding Long-Term Debt,
Last Ten Fiscal Years
(Dollars Expressed in Thousands)

| | Fiscal Year | | | | | | | | | |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
| Revenue Bonds and Trust | | | | | | | | | | |
| Certificates - Building Authority | | | | | | | | | | |
| Revenue: Lease Payments | \$ 8,898 | \$ 12,654 | \$ 13,569 | \$ 14,646 | \$ 15,052 | \$ 15,276 | \$ 15,940 | \$ 17,003 | \$ 16,778 | \$ 16,989 |
| Less: Operating Expenses | | | | | | | | | | |
| Net Available Revenue | \$ 8,898 | \$ 12,654 | \$ 13,569 | \$ 14,646 | \$ 15,052 | \$ 15,276 | \$ 15,940 | \$ 17,003 | \$ 16,778 | \$ 16,989 |
| Debt Service: | | | | | | | | | | |
| Principal | \$ 4,047 | \$ 6,978 | \$ 10,713 | \$ 11,243 | \$ 11,240 | \$ 11,218 | \$ 11,196 | \$ 11,791 | \$ 11,479 | \$ 11,196 |
| Interest | 4,377 | 5,478 | 2,559 | 3,355 | 3,731 | 3,989 | 4,558 | 5,071 | 4,003 | 5,844 |
| Total Debt Service | \$ 8,424 | \$ 12,456 | \$ 13,272 | \$ 14,598 | \$ 14,971 | \$ 15,207 | \$ 15,754 | \$ 16,862 | \$ 15,482 | \$ 17,040 |
| Coverage | 1.06 | 1.02 | 1.02 | 1.00 | 1.01 | 1.00 | 1.01 | 1.01 | 1.08 | 1.00 |
| Revenue Bonds - Educational Enhancement Funding Corp. | | | | | | | | | | |
| Revenue: | | | | | | | | | | |
| Tobacco Settlement | \$ 23,306 | \$ 26,326 | \$ 23,914 | \$ 24,359 | \$ 22,908 | \$ 22,751 | \$ 31,161 | \$ 27,679 | \$ 25,071 | \$ 19,471 |
| Investment Earnings | 13 | 7 | 1,079 | 1,202 | 1,098 | 1,126 | 1,204 | 1,437 | 1,401 | 1,509 |
| Less: Operating Expenses | | | 165 | 152 | 152 | 149 | 161 | 149 | 158 | 148 |
| Net Available Revenue | \$ 23,319 | \$ 26,333 | \$ 24,828 | \$ 25,409 | \$ 23,854 | \$ 23,728 | \$ 32,204 | \$ 28,967 | \$ 26,314 | \$ 20,832 |
| Debt Service: | | | | | | | | | | |
| Principal | 13,225 | 13,995 | 18,800 | | | | | | | |
| Interest | 4,376 | 4,498 | 10,828 | 12,975 | 13,799 | 14,583 | 15,615 | 16,480 | 16,841 | 17,134 |
| Total Debt Service | \$ 17,601 | \$ 18,493 | \$ 29,628 | \$ 12,975 | \$ 13,799 | \$ 14,583 | \$ 15,615 | \$ 16,480 | \$ 16,841 | \$ 17,134 |
| Coverage | 1.32 | 1.42 | 0.84 | 1.96 | 1.73 | 1.63 | 2.06 | 1.76 | 1.56 | 1.22 |
| Revenue Bonds - Clean Water State Revolving Fund | | | | | | | | | | |
| Revenue: | | | | | | | | | | |
| Loan Repayments | \$ 26,637 | \$ 25,502 | \$ 24,394 | \$ 29,078 | \$ 43,202 | \$ 16,789 | \$ 16,089 | \$ 14,689 | \$ 10,780 | \$ 9,702 |
| Investment Income | 3,900 | 3,988 | 3,402 | 3,494 | 3,259 | 2,722 | 2,600 | 2,258 | 3,104 | 4,046 |
| Other Income | 1,442 | 1,332 | 1,238 | 1,243 | 1,320 | 1,301 | 1,242 | 1,212 | 1,122 | 866 |
| Less: Operating Expenses | 1,294 | 1,080 | 2,476 | 1,304 | 982 | 948 | 779 | 1,710 | 1,448 | 1,219 |
| Net Available Revenue | \$ 30,685 | \$ 29,742 | \$ 26,558 | \$ 32,511 | \$ 46,799 | \$ 19,864 | \$ 19,152 | \$ 16,449 | \$ 13,558 | \$ 13,395 |
| Debt Service: | | | | | | | | | | |
| Principal | \$ 7,580 | \$ 7,415 | \$ 6,110 | \$ 4,320 | \$ 3,665 | \$ 2,820 | \$ 2,730 | \$ 2,635 | \$ 1,210 | \$ 1,165 |
| Interest | 6,663 | 5,361 | 5,578 | 4,063 | 3,188 | 2,872 | 2,562 | 2,477 | 2,376 | 1,709 |
| Total Debt Service | \$ 14,243 | \$ 12,776 | \$ 11,688 | \$ 8,383 | \$ 6,853 | \$ 5,692 | \$ 5,292 | \$ 5,112 | \$ 3,586 | \$ 2,874 |
| Coverage | 2.15 | 2.33 | 2.27 | 3.88 | 6.83 | 3.49 | 3.62 | 3.22 | 3.78 | 4.66 |
| Revenue Bonds - Drinking Water State Revolving Fund | | | | | | | | | | |
| Revenue: | | | | | | | | | | |
| Loan Repayments | \$ 25,234 | \$ 19,597 | \$ 19,956 | \$ 34,599 | \$ 31,338 | \$ 13,987 | \$ 12,824 | \$ 10,599 | \$ 9,230 | \$ 5,322 |
| Investment Income | 2,639 | 3,148 | 2,558 | 2,351 | 1,987 | 1,681 | 1,780 | 1,641 | 1,828 | 2,055 |
| Other Income | 885 | 909 | 929 | 1,064 | 1,034 | 886 | 897 | 868 | 835 | 678 |
| Less: Operating Expenses | 123 | 142 | 146 | 137 | 164 | 213 | 57 | 70 | 50 | |
| Net Available Revenue | \$ 28,635 | \$ 23,512 | \$ 23,297 | \$ 37,877 | \$ 34,195 | \$ 16,341 | \$ 15,444 | \$ 13,038 | \$ 11,843 | \$ 8,055 |
| Debt Service: | | | | | | | | | | |
| Principal | \$ 4,475 | \$ 4,380 | \$ 4,050 | \$ 2,845 | \$ 2,495 | \$ 1,815 | \$ 1,745 | \$ 1,685 | \$ 1,360 | \$ 440 |
| Interest | 2,276 | 2,155 | 2,284 | 2,676 | 2,517 | 2,281 | 2,223 | 2,142 | 2,074 | 2,147 |
| Total Debt Service | \$ 6,751 | \$ 6,535 | \$ 6,334 | \$ 5,521 | \$ 5,012 | \$ 4,096 | \$ 3,968 | \$ 3,827 | \$ 3,434 | \$ 2,587 |
| Coverage | 4.24 | 3.60 | 3.68 | 6.86 | 6.82 | 3.99 | 3.89 | 3.41 | 3.45 | 3.11 |

Source: Clean Water State Revolving Fund Financial Statements, Drinking Water State Revolving Fund Financial Statements, Education Enhancement Funding Corporation Annual Report, and Building Authority Lease Rental Schedules and Debt Service Schedules.

- Note:**
- (a) The Building Authority, Educational Enhancement Funding Corporation, Clean Water State Revolving Fund, and Drinking water State Revolving Fund are considered to be blended component units of the State. The Revenue Bonds and Trust Certificates issued by these entities may not be or become a lien, charge, or liability against the State.
 - (b) For the Educational Enhancement Funding Corporation, all turbo redemptions are excluded from this calculation.
 - (c) All funds are presented on an accrual basis except for the Building Authority Fund which is presented on a cash basis.

POPULATION (THOUSANDS)

| YEAR | UNITED STATES | PERCENT CHANGE | WEST N. CENTRAL* | PERCENT CHANGE | SOUTH DAKOTA | PERCENT CHANGE |
|------|---------------|----------------|------------------|----------------|--------------|----------------|
| 2014 | 318,857 | 0.7% | 21,006 | 0.5% | 853 | 0.8% |
| 2013 | 316,498 | 0.8% | 20,893 | 0.6% | 846 | 1.3% |
| 2012 | 314,112 | 0.8% | 20,759 | 0.6% | 835 | 1.3% |
| 2011 | 311,722 | 0.8% | 20,645 | 0.5% | 824 | 1.0% |
| 2010 | 309,347 | 0.8% | 20,536 | 0.7% | 816 | 0.5% |
| 2009 | 306,772 | 0.9% | 20,392 | 0.7% | 812 | 0.9% |
| 2008 | 304,094 | 1.0% | 20,249 | 0.7% | 805 | 1.0% |
| 2007 | 301,231 | 1.0% | 20,106 | 0.7% | 797 | 1.0% |
| 2006 | 298,380 | 1.0% | 19,957 | 0.8% | 789 | 1.2% |
| 2005 | 295,517 | 0.9% | 19,803 | 0.6% | 780 | 0.8% |

Note: Midyear (July 1) population estimates. Revised estimates for 2010, 2011, 2012 and 2013. With each new release of July 1 population estimates, the Census Bureau Revises estimates for years back to the last census.

* The West North Central states include Iowa, Kansas, Minnesota, Missouri, Nebraska, N. Dakota and S. Dakota

Source: U.S. Bureau of the Census, Population Division

TOTAL PERSONAL INCOME (MILLIONS)

| YEAR | UNITED STATES | PERCENT CHANGE | PLAINS* | PERCENT CHANGE | SOUTH DAKOTA | PERCENT CHANGE |
|-------|---------------|----------------|------------|----------------|--------------|----------------|
| 2014 | \$ 14,683,147 | 4.4% | \$ 959,235 | 3.4% | \$ 38,631 | 2.0% |
| 2013r | 14,064,468 | 1.2% | 927,867 | 1.3% | 37,855 | 1.3% |
| 2012r | 13,904,485 | 5.1% | 915,588 | 5.1% | 37,379 | 2.5% |
| 2011r | 13,233,436 | 6.2% | 871,048 | 7.4% | 36,462 | 11.1% |
| 2010r | 12,459,613 | 3.1% | 810,935 | 3.0% | 32,814 | 5.2% |
| 2009r | 12,079,444 | -3.3% | 787,592 | -3.3% | 31,202 | -2.6% |
| 2008r | 12,492,705 | 4.1% | 814,322 | 6.3% | 32,041 | 8.6% |
| 2007r | 11,995,419 | 5.4% | 765,707 | 6.4% | 29,494 | 11.1% |
| 2006r | 11,381,350 | 7.3% | 719,895 | 6.0% | 26,543 | 2.3% |
| 2005r | 10,610,320 | 5.6% | 679,088 | 3.6% | 25,935 | 3.4% |

Note: Revised estimates reflect the revision of the National Income and Product Accounts (NIPA's), and newly available state and local data.

r = Revised Estimates

* The Plains states include Iowa, Kansas, Minnesota, Missouri, Nebraska, N. Dakota and S. Dakota

Source: U.S. Department of Commerce, Bureau of Economic Analysis, Last Updated September 2015

UNEMPLOYMENT RATE (Seasonally Adjusted)

| YEAR | SOUTH DAKOTA | UNITED STATES |
|-------------|---------------------|----------------------|
| 2014r | 3.4% | 6.2% |
| 2013r | 3.8% | 7.4% |
| 2012r | 4.3% | 8.1% |
| 2011r | 4.7% | 8.9% |
| 2010r | 5.0% | 9.6% |
| 2009r | 4.9% | 9.3% |
| 2008r | 3.1% | 5.8% |
| 2007r | 2.8% | 4.6% |
| 2006 | 3.1% | 4.6% |
| 2005 | 3.7% | 5.1% |

r = Revised Estimates

Estimates for 2007 through 2014 have been recently updated.

Source: U.S. Bureau of Labor Statistics and Labor Market Information Center

PER CAPITA PERSONAL INCOME

| YEAR | UNITED STATES | PERCENT CHANGE | PLAINS* | PERCENT CHANGE | SOUTH DAKOTA | PERCENT CHANGE |
|-------------|----------------------|-----------------------|----------------|-----------------------|---------------------|-----------------------|
| 2014 | \$ 46,049 | 3.6% | \$ 45,665 | 2.8% | \$ 45,279 | 1.1% |
| 2013r | 44,438 | 0.4% | 44,409 | 0.7% | 44,772 | 0.0% |
| 2012r | 44,266 | 4.3% | 44,105 | 4.5% | 44,792 | 1.2% |
| 2011r | 42,453 | 5.4% | 42,192 | 6.8% | 44,241 | 10.0% |
| 2010r | 40,277 | 2.3% | 39,488 | 2.2% | 40,204 | 4.0% |
| 2009r | 39,376 | -4.2% | 38,621 | -4.0% | 38,661 | -3.6% |
| 2008r | 41,082 | 3.2% | 40,216 | 5.6% | 40,095 | 7.6% |
| 2007r | 39,821 | 4.4% | 38,084 | 5.6% | 37,257 | 9.9% |
| 2006r | 38,144 | 6.2% | 36,072 | 5.2% | 33,898 | 1.4% |
| 2005r | 35,904 | 4.6% | 34,293 | 3.0% | 33,443 | 2.7% |

Note: Per Capita personal income is total personal income divided by total mid-year population estimate. Midyear (July 1) population estimates source: U.S. Census Bureau.

r = revised estimates for 1976-2014

* The Plains states include Iowa, Kansas, Minnesota, Missouri, Nebraska, N. Dakota and S. Dakota

Source: U.S. Department of Commerce, September 2015

**State of South Dakota
Top Ten Employers
2015 as Compared to 2006**

| 2015 Rank | Employer | South Dakota Employees | Percentage of Total South Dakota Employment |
|---|---|-----------------------------------|--|
| 1 | Avera Medical (System-Wide) | 16,357 | 4.0% |
| 2 | South Dakota State Government* | 14,778 | 3.6% |
| 3 | Federal Government | 11,078 | 2.7% |
| 4 | Sanford Medical (System-Wide) | 10,175 | 2.5% |
| 5 | Sioux Falls MSA Local Government** | 9,032 | 2.2% |
| 6 | Rapid City MSA Local Government** | 6,233 | 1.5% |
| 7 | Walmart Associates (Oct. 14, 2014) | 5,235 | 1.3% |
| 8 | Hy Vee Food Store | 5,114 | 1.2% |
| 9 | Rapid City Regional Hospital Inc. (System-Wide) | 4,823 | 1.2% |
| 10 | Wells Fargo Bank | 3,520 | 0.9% |
| Total Top Ten Employers | | 86,345 | 20.9% |
| Total SD Employment 2014-2015*** | | 412,300 | |

* Includes Board of Regent Employees, a component unit of the State of South Dakota

** Sioux Falls MSA includes the following counties: Lincoln, McCook, Minnehaha, and Turner.

** Rapid City MSA includes the following counties: Pennington and Meade.

*** SD Employment last 3 quarters 2014 and first quarter 2015

Sources: Compiled by the Governor's Office of Economic Development December 2015
List of Companies: SD Dept. of Labor, Labor Market Information Center (LMIC)
Employment Numbers: Private Companies (HR Departments & Corporate websites),
LMIC for government employers

| 2006 Rank | Employer | South Dakota Employees | Percentage of Total South Dakota Employment |
|---------------------------------|--|-----------------------------------|--|
| 1 | South Dakota State Government* | 13,953 | 3.6% |
| 2 | Federal Government | 11,124 | 2.9% |
| 3 | Sioux Falls MSA Local Government** | 7,880 | 2.1% |
| 4 | Rapid City MSA Local Government** | 5,618 | 1.5% |
| 5 | Sanford Health (Sioux Valley Hospital) (Sioux Falls) | 5,380 | 1.4% |
| 6 | Walmart (Statewide) | 4,200 | 1.1% |
| 7 | Avera McKennan Hospital (Sioux Falls) | 3,450 | 0.9% |
| 8 | John Morrell & Company (Sioux Falls) | 3,300 | 0.9% |
| 9 | Citibank South Dakota NA (Sioux Falls) | 3,200 | 0.8% |
| 10 | Rapid City Regional Hospital (Rapid City) | 3,000 | 0.8% |
| Total Top Ten Employers | | 61,105 | 15.9% |
| Total SD Employment 2006 | | 383,869 | |

* Includes Board of Regent Employees, a component unit of the State of South Dakota

** Labor Market Information Center (LMIC) only provides data for covered workers for Sioux Falls and Rapid City Metropolitan Statistical Areas (MSA). Other cities are not available.

Sources: Development Corporations and Individual companies. Governmental information from
Labor Market Information Center (LMIC).
Compiled by SD State Data Center, USD Business Research Bureau

Note: a) Sioux Falls MSA includes the following counties: Lincoln, McCook, Minnehaha and Turner.
b) Rapid City MSA includes the following counties: Pennington and Meade.
c) Per LMIC, school district employment data is not available.

NONFARM WAGE AND SALARY EMPLOYMENT BY INDUSTRY¹

(Dollars Expressed in Thousands)

| | 2015p | 2014r | 2013r | 2012 | 2011 | 2010 | 2009 | 2008 | 2007r | 2006 |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Natural Resources/Mining/Construction* | 23.4 | 22.2 | 21.4 | 21.1 | 21.1 | 21.0 | 21.8 | 23.3 | 23.2 | 22.8 |
| Manufacturing | 44.1 | 42.4 | 41.5 | 41.2 | 39.2 | 36.9 | 37.7 | 42.7 | 42.1 | 41.6 |
| Trade/Transportation/Utilities | 86.5 | 85.6 | 83.7 | 83.0 | 81.7 | 80.6 | 80.7 | 82.2 | 81.2 | 80.1 |
| Wholesale Trade | 21.0 | 20.8 | 19.9 | 19.5 | 19.0 | 18.6 | 18.3 | 18.7 | 18.4 | 18.2 |
| Retail Trade | 52.7 | 51.8 | 51.2 | 51.0 | 50.2 | 49.5 | 49.6 | 50.2 | 50.0 | 49.2 |
| Trans/Warehousing/Util | 13.0 | 13.0 | 12.6 | 12.5 | 12.5 | 12.5 | 12.8 | 13.2 | 12.9 | 12.7 |
| Information | 6.0 | 6.1 | 6.0 | 6.2 | 6.4 | 6.5 | 6.7 | 6.9 | 7.1 | 6.9 |
| Financial Activities | 29.9 | 29.6 | 29.7 | 28.6 | 28.1 | 28.9 | 30.4 | 31.0 | 30.9 | 29.5 |
| Professional/Business Svcs. | 30.4 | 30.1 | 29.5 | 29.2 | 28.7 | 27.5 | 26.9 | 28.0 | 27.6 | 25.7 |
| Educational/Health Services | 69.8 | 68.4 | 68.0 | 67.1 | 65.3 | 64.5 | 63.2 | 62.0 | 60.0 | 58.5 |
| Leisure and Hospitality | 46.4 | 45.3 | 44.7 | 44.3 | 43.4 | 43.0 | 42.9 | 43.2 | 43.1 | 42.5 |
| Other Services (Except Public Administration) | 16.0 | 15.8 | 15.9 | 15.8 | 15.6 | 15.6 | 15.7 | 15.9 | 15.8 | 15.6 |
| Government | 78.1 | 77.9 | 77.3 | 77.5 | 78.0 | 78.7 | 77.8 | 76.2 | 75.5 | 75.3 |
| TOTAL | 430.8 | 423.4 | 417.7 | 414.0 | 407.5 | 403.2 | 403.7 | 411.4 | 406.5 | 398.6 |
| % Change in Nonfarm Employment | 1.7% | 1.4% | 0.9% | 1.6% | 1.1% | -0.1% | -1.9% | 1.2% | 2.0% | 2.2% |

Note: Numbers may not add due to rounding. Data not seasonally adjusted. Effective January 2001, an economic code change moved tribal workers from non-government to government.

¹ Based on North American Industry Classification System (NAICS)

* Effective January 1, 2008, the construction category is no longer separated out for nonfarm wage and salaried workers. It is now combined with Natural Resources and Mining.

p = Preliminary Data

r = Revised Data

Source: Labor Market Information Center (LMIC) in cooperation with the U.S. Bureau of Labor Statistics

EXPANDED AND NEW INDUSTRIES

(Dollars Expressed in Millions)

| | EXPANSIONS | | NEW | | TOTAL | |
|------|------------|------------------------|--------|------------------------|--------|------------------------|
| | NUMBER | NEW CAPITAL INVESTMENT | NUMBER | NEW CAPITAL INVESTMENT | NUMBER | NEW CAPITAL INVESTMENT |
| 2014 | 352 | \$459.4 | 8 | \$16.3 | 360 | \$475.7 |
| 2013 | 283 | \$278.6 | 8 | \$204.7 | 291 | \$483.3 |
| 2012 | 406 | \$403.3 | 3 | \$0.0 | 409 | \$403.3 |
| 2011 | 367 | \$276.5 | 4 | \$0.9 | 371 | \$277.4 |
| 2010 | 323 | \$111.2 | 12 | \$0.3 | 335 | \$111.5 |
| 2009 | 398 | \$215.5 | 9 | \$0.0 | 408 | \$217.0 |
| 2008 | 522 | \$342.3 | 13 | \$59.5 | 535 | \$401.8 |
| 2007 | 528 | \$733.4 | 8 | \$2.7 | 536 | \$736.1 |
| 2006 | 461 | \$263.6 | 13 | \$143.9 | 474 | \$407.5 |
| 2005 | 344 | \$221.0 | 16 | \$54.1 | 360 | \$275.1 |

Note: Only manufacturing and processing companies are included in the above totals.

Source: Governor's Office of Economic Development

State of South Dakota
Capital Asset Statistics by Function
as of June 30, 2015

| | Fiscal Year | | | |
|--|----------------|----------------|----------------|----------------|
| | 2015 | 2014 | 2013 | 2012 |
| General Government | | | | |
| Vehicles | 2,904 | 2,929 | 2,862 | 2,852 |
| Land (Acres) | 760,806 | 760,806 | 760,804 | 760,828 |
| Equipment | 1,406 | 1,367 | 1,388 | 1,406 |
| Buildings | 22 | 19 | 15 | 17 |
| Infrastructure | 0 | 0 | 0 | 0 |
| Health, Human, and Social Services | | | | |
| Vehicles | 7 | 7 | 8 | 8 |
| Land (Acres) | 799 | 799 | 777 | 710 |
| Equipment | 651 | 604 | 610 | 590 |
| Buildings | 92 | 93 | 48 | 47 |
| Infrastructure | 0 | 0 | 0 | 0 |
| Law, Justice, Public Protection, and Regulation | | | | |
| Vehicles | 317 | 320 | 339 | 324 |
| Land (Acres) | 1,510 | 1,510 | 1,484 | 1,387 |
| Equipment | 1,047 | 940 | 932 | 826 |
| Buildings | 159 | 156 | 71 | 74 |
| Infrastructure | 0 | 0 | 0 | 0 |
| Agriculture and Natural Resources | | | | |
| Vehicles | 392 | 373 | 373 | 377 |
| Land (Acres) | 360,938 | 360,323 | 360,137 | 360,039 |
| Equipment | 1,576 | 1,509 | 1,490 | 1,457 |
| Buildings | 73 | 65 | 55 | 52 |
| Infrastructure | 0 | 0 | 0 | 0 |
| Transportation | | | | |
| Vehicles | 1,279 | 1,250 | 1,183 | 1,206 |
| Land (Acres) | 3,217 | 3,206 | 3,294 | 3,498 |
| Land, ROW Roads | \$ 93,472,606 | \$ 92,796,015 | \$ 92,689,993 | \$ 89,954,671 |
| Land Improvements, Roads | \$ 520,147,538 | \$ 514,620,856 | \$ 512,129,195 | \$ 512,129,195 |
| Equipment | 3,661 | 3,415 | 3,211 | 3,081 |
| Buildings | 183 | 175 | 115 | 109 |
| Infrastructure | | | | |
| -Roads: Lane Miles | 8,862 | 8,850 | 8,850 | 8,858 |
| -Bridges: Number of | 1,799 | 1,796 | 1,798 | 1,799 |
| -Railroads: Track Miles | 530 | 530 | 530 | 513 |
| Education | | | | |
| Vehicles | 0 | 0 | 0 | 0 |
| Land (Acres) | 184 | 77 | 77 | 77 |
| Equipment | 25 | 24 | 17 | 11 |
| Buildings | 27 | 27 | 26 | 22 |
| Infrastructure | 0 | 0 | 0 | 0 |
| Economic Resources | | | | |
| Vehicles | 0 | 0 | 1 | 2 |
| Land (Acres) | 0 | 0 | 0 | 0 |
| Equipment | 47 | 49 | 45 | 42 |
| Buildings | 1 | 1 | 0 | 0 |
| Infrastructure | 0 | 0 | 0 | 0 |

Source: Survey conducted by BFM of the department's finance personnel and the Fixed Asset System.

| Fiscal Year | | | | | |
|----------------|----------------|----------------|----------------|----------------|----------------|
| 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
| 2,949 | 2,743 | 2,683 | 2,879 | 2,711 | 2,636 |
| 760,828 | 760,828 | 760,828 | 760,832 | 760,832 | 761,295 |
| 1,296 | 1,275 | 1,291 | 1,416 | 1,477 | 1,970 |
| 17 | 16 | 15 | 13 | 13 | 21 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 8 | 7 | 7 | 12 | 6 | 5 |
| 710 | 710 | 906 | 901 | 901 | 901 |
| 554 | 539 | 479 | 510 | 566 | 540 |
| 47 | 46 | 46 | 46 | 46 | 46 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 320 | 312 | 281 | 314 | 313 | 323 |
| 2,066 | 2,067 | 2,313 | 2,313 | 2,313 | 2,313 |
| 762 | 682 | 596 | 607 | 627 | 599 |
| 74 | 76 | 68 | 67 | 70 | 54 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 365 | 340 | 309 | 326 | 326 | 300 |
| 360,039 | 352,128 | 350,245 | 348,552 | 297,796 | 293,775 |
| 1,357 | 1,292 | 1,208 | 1,173 | 1,123 | 1,095 |
| 52 | 53 | 48 | 48 | 35 | 34 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 1,268 | 1,241 | 1,149 | 1,607 | 1,259 | 1,194 |
| 3,618 | 3,747 | 3,891 | 3,875 | 3,883 | 3,950 |
| \$ 86,389,686 | \$ 84,159,719 | \$ 76,597,880 | \$ 73,884,865 | \$ 69,080,371 | \$ 48,033,462 |
| \$ 512,410,674 | \$ 512,410,674 | \$ 512,410,674 | \$ 512,410,674 | \$ 512,498,327 | \$ 512,216,849 |
| 3,043 | 2,828 | 2,603 | 2,511 | 2,402 | 2,258 |
| 104 | 102 | 98 | 96 | 96 | 88 |
| 8,858 | 8,858 | 8,862 | 8,862 | 8,864 | 8,886 |
| 1,805 | 1,803 | 1,809 | 1,805 | 1,800 | 1,805 |
| 513 | 513 | 513 | 513 | 513 | 328 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 45 | 45 | 33 | 33 | 33 | 33 |
| 15 | 24 | 30 | 32 | 47 | 53 |
| 22 | 22 | 22 | 22 | 22 | 25 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 2 | 2 | 1 | 1 | 3 | 2 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 48 | 49 | 36 | 37 | 39 | 41 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |

State of South Dakota
Operating Indicators by Function
Last Ten Fiscal Years

| | Fiscal Year | | |
|---|-----------------|-----------------|-----------------|
| | 2015 | 2014 | 2013 |
| General Government | | | |
| Executive Management | | | |
| Bureau of Finance and Management | | | |
| Complete Governors Budget Book | Annual | Annual | Annual |
| Finalize State Operating Budget | Annual | Annual | Annual |
| Bureau of Information and Telecommunications | | | |
| Data Storage (GB) | N/A | N/A | N/A |
| SDPB Local Production (Hours) | 3,760 | 3,735 | 3,656 |
| Radio Calls through Digital Network | 27,888,987 | 26,319,746 | 26,968,003 |
| Bureau of Human Resources | | | |
| Health: Employees, COBRA, Retirees/Dependents | 13,328 / 13,360 | 13,413 / 13,426 | 13,296 / 13,305 |
| Bureau of Administration | | | |
| Pieces of Mail Handled/Year | 7,720,306 | 7,719,049 | 8,047,767 |
| Total Miles Driven | 38,848,323 | 38,241,658 | 38,739,712 |
| Revenue | | | |
| Total Active Business Licenses | 80,779 | 80,236 | 81,047 |
| Vehicles Registered | 1,425,379 | 1,258,147 | 1,402,128 |
| Misc. Special Tax Licenses | 5,228 | 5,372 | 5,430 |
| Lottery | | | |
| Licensed Lottery Retailers--Instant Only | 12 | 12 | 12 |
| Licensed Lottery Retailers--On-line | 608 | 600 | 597 |
| Legislature | | | |
| Auditor General | | | |
| Audits Performed | 46 | 56 | 49 |
| Audits Reviewed (IPA reports) | 326 | 322 | 338 |
| School and Public Lands | | | |
| Apportion Common School Interest Fund and Income to School Districts (in Thousands) | \$ 9,969 | \$ 8,774 | \$ 7,422 |
| Apportion Endowed Income and Interest Fund to Ten Endowed Institutions (in Thousands) | \$ 2,104 | \$ 1,500 | \$ 1,991 |
| Secretary of State | | | |
| Business and Secured Transaction Filings | 120,807 | 151,658 | 100,492 |
| State Treasurer | | | |
| Cash Receipts (Thousands) | \$ 4,917,575 | \$ 4,883,829 | \$ 4,621,725 |
| Unclaimed Property - Claims Paid | 4,500 | 10,024 | 3,973 |
| State Auditor | | | |
| Vouchers Audited | 290,861 | 297,649 | 289,083 |
| Warrants Written | 298,293 | 306,344 | 318,863 |
| Health, Human, and Social Services | | | |
| Social Services | | | |
| Medicaid Enrolled/Month | 117,346 | 115,328 | 116,128 |
| Long Term Care Services - Clients Served | 3,977 | 4,051 | 4,053 |
| Health | | | |
| Public Health Investigations | 13,750 | 13,875 | 12,618 |
| Labor | | | |
| State Labor Force | 450,900 | 450,660 | 446,990 |
| Unemployment Rate | 3.50% | 3.70% | 4.30% |
| South Dakota Retirement System | | | |
| Budget Compared to Assets | 0.040% | 0.040% | 0.040% |
| Budget Compared to Benefits | 0.870% | 0.890% | 0.870% |
| Veterans Benefits and Services | | | |
| South Dakota Veteran Population | 75,000 | 75,000 | 75,000 |
| State Veterans' Home | | | |
| Average Daily Census | 121 | 113 | 118 |
| Human Services | | | |
| People with Developmental Disabilities Served | 3,104 | 3,078 | 3,032 |
| People with Mental Illness Served | 16,653 | 16,142 | 16,110 |
| People with Substance Abuse Issues Served | 11,525 | 11,579 | 12,305 |
| People Receiving Vocational Rehabilitation Services | 5,299 | 5,798 | 6,166 |

| Fiscal Year | | | | | | |
|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
| Annual Annual | Annual Annual | Annual Annual | Annual Annual | Annual Annual | Annual Annual | Annual Annual |
| N/A | N/A | N/A | N/A | N/A | 10,347 | 6,273 |
| 2,056 | 2,456 | 1,528 | 1,480 | 736 | 740 | 719 |
| 26,052,239 | 24,122,503 | 22,188,596 | 21,468,474 | 21,885,767 | 22,584,630 | 18,719,091 |
| 13,234 / 13,008 | 13,372 / 12,488 | 13,427 / 11,876 | 13,316 / 11,568 | 13,171 / 11,696 | 13,133 / 11,846 | 13,105 / 11,713 |
| 8,631,113 | 8,991,825 | 9,274,640 | 9,687,084 | 9,909,143 | 11,638,363 | 9,977,094 |
| 38,755,956 | 37,663,512 | 37,506,764 | 37,136,509 | 38,788,928 | 38,180,716 | 39,406,852 |
| 80,130 | 78,399 | 78,919 | 76,367 | 73,456 | 72,315 | 70,685 |
| 1,081,516 | 1,156,109 | 1,137,621 | 1,113,254 | 1,168,616 | 1,129,972 | 1,135,960 |
| 5,333 | 5,332 | 5,346 | 5,298 | 5,580 | 5,672 | 8,030 |
| 12 | 13 | 14 | 129 | 620 | 615 | 609 |
| 591 | 584 | 579 | 480 | 476 | 447 | 407 |
| 73 | 59 | 58 | 59 | 56 | 81 | 69 |
| 327 | 356 | 349 | 286 | 285 | 322 | 293 |
| \$ 7,433 | \$ 8,274 | \$ 8,672 | \$ 10,997 | \$ 8,771 | \$ 8,453 | \$ 8,265 |
| \$ 1,957 | \$ 1,629 | \$ 1,905 | \$ 1,990 | \$ 1,967 | \$ 2,026 | \$ 1,753 |
| 92,608 | 90,291 | 91,288 | 97,572 | 100,959 | 101,215 | 95,518 |
| \$ 4,667,076 | \$ 4,435,684 | \$ 4,196,085 | \$ 3,812,475 | \$ 3,843,830 | \$ 3,705,226 | \$ 3,625,844 |
| 2,992 | 4,619 | 7,390 | 6,113 | 6,505 | 5,084 | 6,138 |
| 291,219 | 293,522 | 288,997 | 283,596 | 287,358 | 287,076 | 309,479 |
| 400,307 | 433,121 | 451,581 | 473,409 | 507,447 | 595,412 | 634,882 |
| 115,731 | 114,405 | 111,005 | 104,520 | 102,310 | 100,393 | 100,274 |
| 4,138 | 4,276 | 4,346 | 4,347 | 4,359 | 4,419 | 4,452 |
| 10,386 | 10,379 | 15,292 | 12,365 | 13,014 | 12,922 | 15,416 |
| 444,805 | 444,980 | 442,940 | 447,275 | 443,765 | 440,030 | 432,442 |
| 4.50% | 4.90% | 5.00% | 4.10% | 2.80% | 3.00% | 3.50% |
| 0.042% | 0.053% | 0.057% | 0.063% | 0.045% | 0.044% | 0.044% |
| 0.900% | 1.120% | 1.140% | 1.180% | 1.110% | 1.220% | 1.260% |
| 72,000 | 72,000 | 72,400 | 73,500 | 74,273 | 73,325 | 74,224 |
| 130 | 129 | 132 | 129 | 124 | 119 | 119 |
| 2,970 | 2,899 | 2,837 | 2,814 | 2,776 | 2,762 | 2,727 |
| 15,572 | 14,915 | 13,998 | 13,261 | 12,901 | 12,246 | 11,591 |
| 14,307 | 14,893 | 15,131 | 15,338 | 15,146 | 15,069 | 14,180 |
| 6,477 | 6,224 | 5,710 | 5,606 | 5,714 | 6,508 | 6,819 |

State of South Dakota
Operating Indicators by Function
Last Ten Fiscal Years (continued)

| | Fiscal Year | | |
|---|-----------------|-----------------|-----------------|
| | 2015 | 2014 | 2013 |
| Law, Justice, Public Protection, and Regulation | | | |
| Corrections | | | |
| Adult System ADP (Average Daily Population) | 3,610 | 3,645 | 3,637 |
| Avg. Daily Population on Supervision | 2,315 | 2,297 | 2,473 |
| Juvenile Institutional and Placement ADP | 650 | 649 | 688 |
| Unified Judicial System | | | |
| Felony Offenses Filings/Pending | 10,392 / N/A | 9413 / N/A | 6856 / N/A |
| Class One Misdemeanor Filings/Pending | 20,979 / N/A | 20,518 / N/A | 22,720 / N/A |
| Class Two Misdemeanor Filings/Pending | 112,323 / N/A | 105,213 / N/A | 111,461 / N/A |
| Attorney General | | | |
| New Cases Opened/Closed/Pending (Thousands) | 1.9 / 2.0 / 1.9 | 2.2 / 2.9 / 1.5 | 1.2 / 2.2 / 1.6 |
| Investigations Conducted by DCI | 1,062 | 1,077 | 1,013 |
| Public Safety | | | |
| Patrol of Public Highways (Percentage) | 54% | 60% | 45% |
| Patrol of Public Highways (Hours) | N/A | N/A | N/A |
| Driver Licenses Issued | 198,279 | 156,731 | 198,733 |
| Military and Veterans Affairs | | | |
| Assigned Strength of the Army Guard | 3,165 | 3,204 | 3,220 |
| Assigned Strength of the Air Guard | 1,050 | 1,044 | 1,030 |
| Appraiser Program | | | |
| New / Renewed Licenses | 11 / 380 | 10 / 368 | 20 / 399 |
| Revenue Financial Services | | | |
| Banking Institutions Examined | N/A | 542 | 534 |
| Dealer, Broker & Investment Advisor | | | |
| Agents Licensed | 91,545 | 86,131 | 81,567 |
| Renewed & Issued Insurance | | | |
| Appointments/Licenses | 282,241 | 269,568 | 286,078 |
| Revenue Boards and Commissions | | | |
| New & Renewed Licenses Issued | 6,708 | 7,102 | 7,137 |
| Public Utilities Commission | | | |
| Dockets Opened | 193 | 240 | 265 |
| Agriculture and Natural Resources | | | |
| Agriculture | | | |
| Wildfires Suppressed: (Fires/Acres) | 642 / 53,145 | 451 / 11,421 | 1,253 / 148,604 |
| Dairy Inspections | 500 | 520 | 713 |
| Marketing Consultations | N/A | N/A | 390 |
| Insect & Disease Individual Assists | 279 | 288 | 491 |
| Game, Fish and Parks | | | |
| Total Park Visitations | 7,605,595 | 8,115,000 | 8,091,937 |
| Acres of Walk-In Areas | 1,389,734 | 1,270,000 | 1,277,000 |
| Environment and Natural Resources | | | |
| Dollars Awarded/Number of Grants and Loans (Added Water Quality Grants in FY05 & FY06) | 118.3 M / 113 | 78.9M / 95 | 88.8M / 108 |
| Total Number of Regulated Facilities | 28,359 | 28,740 | 27,820 |
| Petroleum Release Compensation | | | |
| Petroleum Release Cases Initiated | 60 | 45 | 120 |
| Abandoned Tank Site Cases Initiated | 62 | 100 | 81 |
| Transportation | | | |
| Transportation | | | |
| Percent of Non-interstate State Highway System Main Lane Pavement Mileage Rated Good or Better on Condition Index | 90 | 89 | 88 |
| Percent of Interstate Pavement in Excellent Condition Based on Condition Index | 53 | 46 | 45 |
| Education | | | |
| Student K-12 Public School Fall Enrollment | 129,772 | 128,924 | 127,169 |
| Economic Resources | | | |
| Tourism and State Development | | | |
| Capital Investment Reported (Millions) | \$ 475.0 | \$ 300.0 | \$ 400.0 |
| New Jobs Created (Calendar Year) | 3,300 | 4,000 | 3,000 |
| Tourism's Impact on South Dakota Economy (Billions) | \$ 1.99 | \$ 1.98 | \$ 1.95 |

Source: State's Budget System and/or survey of department finance personnel.
N/A= Not Applicable

| Fiscal Year | | | | | | |
|-----------------|-----------------|----------------|------------------|------------------|------------------|------------------|
| 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
| 3,565 | 3,479 | 3,490 | 3,428 | 3,373 | 3,412 | 3,466 |
| 2,418 | 2,452 | 2,385 | 2,311 | 2,379 | 2,312 | 2,011 |
| 526 | 459 | 446 | 497 | 461 | 489 | 510 |
| 7225 / N/A | 6,456 / N/A | 6,126 / N/A | 5,745 / 7,249 | 5,797 / 7,104 | 5,660 / 7,388 | 6,970 / 7,462 |
| 21,690 / N/A | 19,929 / N/A | 20,141 / N/A | 21,896 / 23,039 | 22,611 / 22,924 | 23,464 / 22,296 | 24,064 / 22,570 |
| 117,594 / N/A | 112,853 / N/A | 124,965 / N/A | 134,617 / 44,143 | 139,262 / 46,389 | 139,933 / 43,043 | 141,405 / 43,614 |
| .85 / 2.1 / 1.5 | 1.0 / 1.3 / 2.5 | .8 / 1.3 / 2.3 | .8 / 1.1 / 2.1 | 1.1 / .9 / 2.0 | 1.1 / 1.0 / 1.9 | 1.2 / 1.2 / 1.9 |
| 1,012 | 902 | 867 | 772 | 759 | 534 | 599 |
| 46% | 45% | N/A | N/A | N/A | N/A | N/A |
| N/A | 131,508 | 130,700 | 130,503 | 124,763 | 139,828 | 136,428 |
| 201,766 | 198,871 | 176,153 | 150,056 | 195,900 | 205,260 | 198,755 |
| 3,266 | 3,420 | 3,441 | 3,391 | 3,368 | 3,360 | 3,425 |
| 1,038 | 1,057 | 1,103 | 1,108 | 1,012 | 1,008 | 1,015 |
| 15 / 383 | 11 / 381 | 18 / 354 | 17 / 372 | 22 / 354 | 17 / 360 | 33 / 361 |
| 563 | 562 | 538 | 538 | 553 | 376 | 609 |
| 79,886 | 77,038 | 62,262 | 61,995 | 63,004 | 60,015 | 54,396 |
| 243,465 | 270,412 | 269,361 | 254,327 | 223,240 | 210,739 | 211,904 |
| 7,517 | 6,853 | 8,191 | 7,425 | 8,387 | 7,351 | 7,759 |
| 238 | 143 | 178 | 199 | 227 | 306 | 258 |
| 1,267 / 123,484 | 468 / 7,100 | 398 / 10,335 | 337 / 5,803 | 595 / 55,731 | 904 / 288,616 | 762 / 47,860 |
| 831 | 956 | 1,078 | 1,444 | 1,300 | 1,350 | 1,549 |
| 375 | 375 | 385 | 360 | 396 | 300 | 220 |
| 354 | 307 | 333 | 400 | 500 | 792 | 390 |
| 7,682,751 | 7,469,331 | 7,785,508 | 7,638,828 | 7,371,201 | 7,326,503 | 7,202,975 |
| 1,271,743 | 1,300,000 | 1,250,000 | 1,201,430 | 1,152,653 | 1,000,000 | 1,080,000 |
| 96.4M / 129 | 119.1M / 155 | 80.6M / 109 | 100M / 129 | 99.3M / 113 | 34.8M / 102 | 91.4M / 135 |
| 27,331 | 26,679 | 26,365 | 26,328 | 25,677 | 24,445 | 23,123 |
| 95 | 62 | 64 | 70 | 45 | 22 | 29 |
| 45 | 36 | 45 | 53 | 33 | 45 | 38 |
| 93 | 88 | 85 | 84 | 83 | 83 | 78 |
| 53 | 33 | 31 | 45 | 40 | 41 | 35 |
| 125,152 | 123,629 | 122,055 | 121,015 | 121,089 | 120,278 | 120,682 |
| \$ 282.0 | \$ 118.0 | \$ 217.0 | \$ 401.8 | \$ 736.1 | \$ 407.5 | \$ 275.1 |
| 4,248 | 4,462 | 3,298 | 3,952 | 4,083 | 3,044 | 3,202 |
| \$ 1.86 | \$ 1.76 | \$ 2.42 | \$ 2.74 | \$ 2.42 | \$ 2.35 | \$ 2.16 |

State of South Dakota
Full-Time Equivalent State Employees by Function of Government
Last Ten Fiscal Years
(excluding Higher Education)

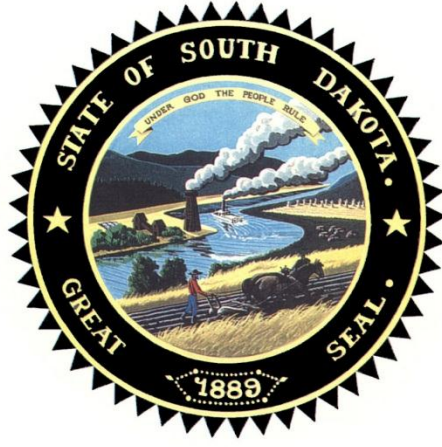
| Function of State Government: | Fiscal Year | | | | |
|---|--------------------|--------------|--------------|--------------|--------------|
| | 2015 | 2014 | 2013 | 2012 | 2011 |
| General Government | 998 | 983 | 970 | 967 | 1,003 |
| Health, Human, and Social Services | 3,007 | 2,999 | 3,009 | 3,004 | 3,040 |
| Law, Justice, Public Protection, and Regulation | 2,215 | 2,223 | 2,186 | 2,142 | 2,160 |
| Agriculture and Natural Resources | 943 | 929 | 941 | 925 | 938 |
| Transportation | 977 | 980 | 978 | 965 | 987 |
| Education | 178 | 128 | 130 | 132 | 133 |
| Economic Resources | 158 | 198 | 197 | 170 | 264 |
| State Total | 8,476 | 8,440 | 8,411 | 8,305 | 8,525 |

| Function of State Government: | Fiscal Year | | | | |
|---|--------------------|--------------|--------------|--------------|--------------|
| | 2010 | 2009 | 2008 | 2007 | 2006 |
| General Government | 1,020 | 1,019 | 1,000 | 993 | 990 |
| Health, Human, and Social Services | 3,121 | 3,064 | 3,051 | 3,054 | 3,113 |
| Law, Justice, Public Protection, and Regulation | 2,130 | 2,119 | 2,131 | 2,110 | 2,081 |
| Agriculture and Natural Resources | 942 | 918 | 908 | 899 | 907 |
| Transportation | 1,004 | 1,000 | 1,015 | 1,012 | 1,024 |
| Education | 135 | 130 | 134 | 139 | 136 |
| Economic Resources | 257 | 199 | 180 | 168 | 170 |
| State Total | 8,609 | 8,449 | 8,419 | 8,375 | 8,421 |

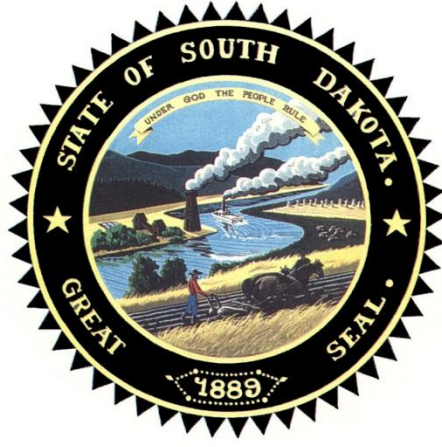
Source: State's Budget System RB16

Note:

- (a) A full-time equivalent employee, or FTE, represents one full-time position, or a number of part-time or seasonal positions.



SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS



SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS



427 SOUTH CHAPELLE
C/O 500 EAST CAPITOL
PIERRE SD 57501-5070
(605) 773-3595
FAX (605) 773-6454

MARTIN L. GUINDON, CPA
AUDITOR GENERAL

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Honorable Dennis Daugaard
Governor of South Dakota

and

Members of the Legislature
State of South Dakota

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of South Dakota as of and for the year ended June 30, 2015, which collectively comprise the State's basic financial statements as listed in the table of contents and have issued our report thereon dated January 22, 2016, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming our opinions on the financial statements that collectively comprise the State of South Dakota's basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to January 22, 2016. Our opinion expressed therein, insofar as it relates to entities' financial statements that were audited by other auditors, was based solely on the reports of the other auditors. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied by us and other auditors in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

Basis of Accounting

As described in Note 2C of the Notes to the Schedule of Expenditures of Federal Awards, the accompanying schedule is prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Unmodified Opinion

In our opinion, based on our audit and the reports of other auditors, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole in accordance with the cash basis of accounting described in Note 2C to the Schedule of Expenditures of Federal Awards.

Martin L. Guindon, CPA
Auditor General

March 21, 2016

STATE OF SOUTH DAKOTA

Schedule of Expenditures of Federal Awards by Federal Department

For the Fiscal Year Ended June 30, 2015

| CFDA Number | Federal Agency | Program | Contract Number | State Agency | Expenditures/ Disbursements/ Issuances |
|---|--|--|---|-----------------------|--|
| Agency for International Development | | | | | |
| 98.012 | Agency for International Development | USAID Development Partnerships for University Cooperation and Development | AWARD LETTER DATED 08/03/12 | SDSMT | 25,245 |
| Total Agency for International Development | | | | | 25,245 |
| Aging Cluster | | | | | |
| 93.044 | Administration for Community Living | Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers | | Social Services | 2,404,970 |
| 93.045 | Administration for Community Living | Special Programs for the Aging - Title III, Part C - Nutrition Services | | Social Services | 3,205,860 |
| 93.053 | Administration for Community Living | Nutrition Services Incentive Program | | Social Services | 862,252 |
| Total Aging Cluster | | | | | 6,473,082 |
| Agriculture | | | | | |
| 10.025 | Animal and Plant Health Inspection Service | Plant and Animal Disease, Pest Control, and Animal Care | 15-8446-0087-CA/14-8446-1755-CA/15-8446-1336-CA | Agriculture | 142,149 |
| 10.025 | Animal and Plant Health Inspection Service | Plant and Animal Disease Pest Control and Animal Care | 14-9419-310-CA | SDSU | 12,685 |
| 10.025 | Animal and Plant Health Inspection Service | Plant and Animal Disease, Pest Control, and Animal Care - Animal Disease Traceability (ADT) | 14-9746-2132-CA | Animal Industry Board | 76,053 |
| 10.025 | Animal and Plant Health Inspection Service | Plant and Animal Disease, Pest Control, and Animal Care - Swine Enteric Coronavirus Disease (SECD) | 14-9746-2231-CA | Animal Industry Board | 6,412 |
| 10.025 | Animal and Plant Health Inspection Service | Plant and Animal Disease, Pest Control, and Animal Care - Notifiable Avian Influenza (NAI) | 15-9746-2429-CA | Animal Industry Board | 214,059 |
| 10.025 | Animal and Plant Health Inspection Service | Plant and Animal Disease, Pest Control, and Animal Care - National Surveillance and Response for Animal Health Activities (Umbrella) | 15-9746-2216-CA | Animal Industry Board | 44,648 |
| 10.025 | Animal and Plant Health Inspection Service | Plant and Animal Disease, Pest Control, and Animal Care - National Surveillance and Response for Animal Health Activities (Umbrella) | 14-9746-2216-CA | Animal Industry Board | 96,056 |
| 10.025 | Animal and Plant Health Inspection Service | Plant and Animal Disease, Pest Control, and Animal Care - Animal Disease Traceability (ADT) | 15-9746-2132-CA | Animal Industry Board | 16,937 |
| 10.025 | Animal and Plant Health Inspection Service | Plant and Animal Disease Pest Control and Animal Care | 14-9419-0334-CA | SDSU | 55,055 |

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

STATE OF SOUTH DAKOTA
Schedule of Expenditures of Federal Awards by Federal Department
For the Fiscal Year Ended June 30, 2015

| CFDA Number | Federal Agency | Program | Contract Number | State Agency | Expenditures/ Disbursements/ Issuances |
|--------------------------------|--|--|--|-----------------------|--|
| Agriculture (continued) | | | | | |
| 10.13CS11020300036 | Forest Service | Challenge Cost Share Agreement "Archival Storage" | 13-CS-11020300-036 | BHSU | 16,340 |
| 10.153 | Agricultural Marketing Service | Market News | 12-25-A-5354 | Agriculture | 34,089 |
| 10.153 | Agricultural Marketing Service | Market News - National Organic Certification Cost Share Program | 14-NOCCS-SD-0046/15-NOCCS-SD-0046 | Agriculture | 46,067 |
| 10.170 | Agricultural Marketing Service | Specialty Crop Block Grant Program - Farm Bill - SDDA Dakota Flavor Marketplace | 12-25-B-1254/1487/1696;14-SCBGP-SD-0046 | Agriculture | 248,719 |
| 10.172 | Agricultural Marketing Service | Local Food Promotion Program | 14-LFPPX-SD-0156 | SDSU | 13,561 |
| 10.217 | National Institute of Food and Agriculture | Higher Education - Institution Challenge Grants Program | 2014-70003-22369 | SDSU | 63,691 |
| 10.217 | National Institute of Food and Agriculture | Higher Education - Institution Challenge Grants Program | 20-38411-30625 | SDSU | 42,511 |
| 10.217 | University of Idaho - flow through | Higher Education - Institution Challenge Grants Program | GRK997-SB-005, 2010-34811-2137 | SDSU | 9,867 |
| 10.217 | National Institute of Food and Agriculture | Higher Education - Institution Challenge Grants Program | 2014-70003-22352 | SDSU | 12,143 |
| 10.303 | The Board of Trustees of the University of Illinois - flow through | Integrated Programs | 2012-05854-12(A01017); 2012-51 | SDSU | 2,625 |
| 10.303 | Ohio State University - flow through | Integrated Programs | 60039572 | SDSU | 2,000 |
| 10.304 | Kansas State University - flow through | Homeland Security Agricultural | S13014, 2012-37620-19627 (PR) | SDSU | 6,175 |
| 10.311 | National Institute of Food and Agriculture | Beginning Farmer and Rancher Development Program | 2015-70017-22866 | SDSU | 29,804 |
| 10.318 | National Institute of Food and Agriculture | Women and Minorities in Science, Technology, Engineering, and Mathematics Fields | 2014-38503-22188 | SDSU | 4,524 |
| 10.329 | National Institute of Food and Agriculture | Crop Protection and Pest Management Competitive Grants Program | 2014-70006-22566 | SDSU | 15,459 |
| 10.435 | Farm Service Agency | State Mediation Grants | 470300-466000364 SD Mediation Grant - 15 | Agriculture | 59,479 |
| 10.475 | Food Safety and Inspection Service | Cooperative Agreements with States for Intrastate Meat and Poultry Inspection | | Animal Industry Board | 909,677 |

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

STATE OF SOUTH DAKOTA
Schedule of Expenditures of Federal Awards by Federal Department
For the Fiscal Year Ended June 30, 2015

| CFDA Number | Federal Agency | Program | Contract Number | State Agency | Expenditures/ Disbursements/ Issuances |
|--------------------------------|---|---|------------------------------------|-----------------------|--|
| Agriculture (continued) | | | | | |
| 10.475 | Food Safety and Inspection Service | Cooperative Agreements with States for Intrastate Meat and Poultry Inspection - Animal and Egg Production Food Safety | FSIS-C-23-2004 | Animal Industry Board | 227 |
| 10.477 | North Dakota Department of Agriculture - flow through | Meat Poultry and Egg Products Inspection | 12-155; FSIS-C-32-2010/01 | SDSU | 71 |
| 10.500 | University of Minnesota - flow through | Cooperative Extension Service | H003703716; 2013-47001-20902 | SDSU | 8,111 |
| 10.500 | University of Nebraska Lincoln - flow through | Cooperative Extension Service | 25-6324-0119-007 | SDSU | 6,694 |
| 10.500 | Kansas State University - flow through | Cooperative Extension Service | S14128; 2010-48713-21882 (P) | SDSU | 38,583 |
| 10.500 | Kansas State University - flow through | Cooperative Extension Service | S15075; 2013-41520-21290 (P) | SDSU | 14,493 |
| 10.500 | University of Nebraska/Lincoln - flow through | Cooperative Extension Service | 25-6324-0097-411; 2010-49200-06200 | SDSU | 2,692 |
| 10.500 | University of Nebraska Lincoln - flow through | Cooperative Extension Service | 25-6324-0119-008 | SDSU | 3,244 |
| 10.500 | Pennsylvania State University - flow through | Cooperative Extension Service | 5033-SDSU-UM-9802 | SDSU | 49,138 |
| 10.500 | National Institute of Food and Agriculture | Cooperative Extension Service | | SDSU | 2,524,071 |
| 10.500 | National Institute of Food and Agriculture | Cooperative Extension Service | 2013-41534-21507 | SDSU | 90,305 |
| 10.500 | National Institute of Food and Agriculture | Cooperative Extension Service | 2013-41580-20811 | SDSU | 68,238 |
| 10.500 | National Institute of Food and Agriculture | Cooperative Extension Service | 2013-41580-20813 | SDSU | 61,420 |
| 10.500 | National Institute of Food and Agriculture | Cooperative Extension Service | 2013-41580-20812 | SDSU | 46,453 |
| 10.500 | National Institute of Food and Agriculture | Cooperative Extension Service | 2013-41533-21056 | SDSU | 36,831 |
| 10.500 | National Institute of Food and Agriculture | Cooperative Extension Service | 2009-41520-05416 | SDSU | 21,458 |
| 10.500 | National Institute of Food and Agriculture | Cooperative Extension Service | 2010-46100-21784 | SDSU | 20,047 |

STATE OF SOUTH DAKOTA
Schedule of Expenditures of Federal Awards by Federal Department
For the Fiscal Year Ended June 30, 2015

| CFDA Number | Federal Agency | Program | Contract Number | State Agency | Expenditures/ Disbursements/ Issuances |
|--------------------------------|--|---|--|----------------------|--|
| Agriculture (continued) | | | | | |
| 10.500 | Kansas State University - flow through | Cooperative Extension Service | S14084; 2012-48749-20178(P) | SDSU | 7,015 |
| 10.500 | University of Minnesota - flow through | Cooperative Extension Service | H002484617, 2011-47001-30538 | SDSU | 13,033 |
| 10.500 | University of Minnesota - flow through | Cooperative Extension Service | H003044618, 2012-47001-19546 | SDSU | 18,504 |
| 10.557 | Food and Nutrition Service | Special Supplemental Nutrition Program for Women, Infants, and Children (Note 3J) | | Health | 17,710,212 |
| 10.558 | Food and Nutrition Service | Child and Adult Care Food Program | | Education | 9,140,553 |
| 10.560 | Food and Nutrition Service | State Administrative Expenses for Child Nutrition | | Education | 1,485,600 |
| 10.560 | Food and Nutrition Service | State Administrative Expenses for Child Nutrition - Child Nutrition Meal Pattern TA | | Education | 18,951 |
| 10.574 | Food and Nutrition Service | Team Nutrition Grants | | Education | 1,327 |
| 10.578 | Food and Nutrition Service | WIC Grants to States (WGS) | | Health | 5,273 |
| 10.579 | Food and Nutrition Service | Child Nutrition Discretionary Grants Limited Availability - NSLP Equipment | | Education | 85,265 |
| 10.58-0510-4-058 N | Agriculture | Farm Bill | 58-0510-4-058 N | SDSU | 42,811 |
| 10.582 | Food and Nutrition Service | Fresh Fruit and Vegetable Program | | Education | 1,780,681 |
| 10.582 | Food and Nutrition Service | Fresh Fruit and Vegetable Program - Administrative Review and Training Method II | | Education | 314,856 |
| 10.652 | Forest Service | Forestry Research - Forest Inventory Analysis | 11-JV-11242305-025 | Agriculture | 42,972 |
| 10.664 | Forest Service | Cooperative Forestry Assistance - CSP American Center Fuel Break | | Game, Fish and Parks | 72,877 |
| 10.664 | Forest Service | Cooperative Forestry Assistance | 14-DG-11020000-044 | Agriculture | 569,277 |
| 10.664 | Forest Service | Cooperative Forestry Assistance | 08, 09, 10, 11, 12, 13-DG-11020000-038 | Agriculture | 2,197,176 |
| 10.672 | Forest Service | Rural Development, Forestry, and Communities - Hazardous Fuels Reduction | 11-DG-11020000-058 | Agriculture | 403,308 |
| 10.680 | Forest Service | Forest Health Protection - Mountain Pine Beetle | 12-DG-11020000-044 | Agriculture | 300,000 |
| 10.680 | Forest Service | Forest Health Protection - Woody Biomass Initiative | 12-DG-11020000-057 | Agriculture | 1,017 |
| 10.680 | Forest Service | Forest Health Protection - Western Bark Beetle | 10-DG-11020000-021 | Agriculture | 116,449 |

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

STATE OF SOUTH DAKOTA
Schedule of Expenditures of Federal Awards by Federal Department
For the Fiscal Year Ended June 30, 2015

| CFDA Number | Federal Agency | Program | Contract Number | State Agency | Expenditures/ Disbursements/ Issuances |
|---|--|--|---|---|--|
| Agriculture (continued) | | | | | |
| 10.767 | Rural Business - Cooperative Service | Intermediary Relending Program (Note 3I) | | Governor's Office of Economic Development | 389,173 |
| 10.8000058196 | Purdue University - flow through | Purdue University - flow through | 8000058196; 018000-340452-21(MSU); RBS1039(Prime) | SDSU | 8,903 |
| 10.861 | Rural Utility Services | Public Television Station Digital Transition Grant Program | SD 1606-D33 | Bureau of Information and Telecommunications - SDPB | 9,798 |
| 10.902 | Natural Resources Conservation Service | Soil and Water Conservation | 68-7482-13-532 | SDSU | 69,722 |
| 10.912 | Natural Resources Conservation Service | Environmental Quality Incentives Program - Agro-Forestry | 65-6740-13-19 | Agriculture | 36 |
| 10.912 | Natural Resources Conservation Service | Environmental Quality Incentives Program - Thinning | 65-6740-13-06 | Agriculture | 2,914 |
| Total Agriculture | | | | | 39,980,564 |
| CCDF Cluster | | | | | |
| 93.575 | Administration for Children and Families | Child Care and Development Block Grant | | Social Services | 5,171,243 |
| 93.596 | Administration for Children and Families | Child Care Mandatory and Matching Funds of the Child Care and Development Fund | | Social Services | 6,743,726 |
| Total CCDF Cluster | | | | | 11,914,969 |
| Child Nutrition Cluster | | | | | |
| 10.553 | Food and Nutrition Service | School Breakfast Program | | Education | 7,782,203 |
| 10.555 | Food and Nutrition Service | National School Lunch Program (Note 3A) | | Education | 32,133,981 |
| 10.556 | Food and Nutrition Service | Special Milk Program for Children | | Education | 34,905 |
| 10.559 | Food and Nutrition Service | Summer Food Service Program for Children (Note 3A) | | Education | 1,254,381 |
| Total Child Nutrition Cluster | | | | | 41,205,470 |
| Clean Water State Revolving Fund Cluster | | | | | |
| 66.458 | Office of Water | Capitalization Grants for Clean Water State Revolving Funds (Note 3G) | | Environment and Natural Resources | 256,642,429 |

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

STATE OF SOUTH DAKOTA
Schedule of Expenditures of Federal Awards by Federal Department
For the Fiscal Year Ended June 30, 2015

| CFDA Number | Federal Agency | Program | Contract Number | State Agency | Expenditures/ Disbursements/ Issuances |
|---|--|---|------------------|--|--|
| Total Clean Water State Revolving Fund Cluster | | | | | |
| | | | | | 256,642,429 |
| Commerce | | | | | |
| 11.549 | National Telecommunications and Information Administration | State and Local Implementation Grant Program | 46-10-S13046 | Bureau of Information and Telecommunications - State Radio | 78,328 |
| 11.558 | National Telecommunications and Information Administration | ARRA - State Broadband Data and Development Grant Program | 46-50-M09053 | Bureau of Information and Telecommunications | 345,501 |
| 11.611 | National Institute for Standards and Technology | Manufacturing Extension Partnership | | USD | 421,759 |
| Total Commerce | | | | | 845,588 |
| Corporation for National and Community Service | | | | | |
| 94.002 | Corporation for National and Community Service | Retired and Senior Volunteer Program | 12SRNSD002 | BHSU | 59,807 |
| Total Corporation for National and Community Service | | | | | 59,807 |
| Defense | | | | | |
| 12.002 | Defense Logistics Agency | Procurement Technical Assistance For Business Firms | | USD | 203,671 |
| 12.112 | Department of the Army, Office of the Chief of Engineers | Payments to States in Lieu of Real Estate Taxes | | State Treasurer | 7,793 |
| 12.113 | Department of the Army, Office of the Chief of Engineers | State Memorandum of Agreement Program for the Reimbursement of Technical Services - Defense Environmental Restoration Program | | Environment and Natural Resources | 87,713 |
| 12.116 | Department of the Army, Office of the Chief of Engineers | Department of Defense Appropriation Act of 2003 (J) | NAFB1-13-M-0191 | SDSU | 89 |
| 12.217 | Federal Voting Assistance Program | Electronic Absentee Systems for Elections - Federal Voting Assistance Program (FVAP) | | Secretary of State | 35,404 |
| 12.400 | National Guard Bureau | Military Construction, National Guard - Joint Starc Readiness Center | W912MM-04-2-2001 | Military | 3,747 |
| 12.400 | National Guard Bureau | Military Construction, National Guard - Watertown Readiness Center | W912MM-06-2-2002 | Military | 134,250 |

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

STATE OF SOUTH DAKOTA
Schedule of Expenditures of Federal Awards by Federal Department
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| CFDA Number | Federal Agency | Program | Contract Number | State Agency | Expenditures/ Disbursements/ Issuances |
|----------------------------|-----------------------|---|-------------------|--------------|--|
| Defense (continued) | | | | | |
| 12.401 | National Guard Bureau | National Guard Military Operations and Maintenance (OandM) Projects - Master Cooperative Agreement: ANG Fire Protection Activities | W912MMM-13-2-1024 | Military | 516,670 |
| 12.401 | National Guard Bureau | National Guard Military Operations and Maintenance (OandM) Projects - Master Cooperative Agreement: ARNG Telecommunications | W912MMM-15-2-1005 | Military | 286,751 |
| 12.401 | National Guard Bureau | National Guard Military Operations and Maintenance (OandM) Projects - Master Cooperative Agreement: ARNG Real Property Operations and Maintenance | W912MMM-10-2-1001 | Military | 6,347,080 |
| 12.401 | National Guard Bureau | National Guard Military Operations and Maintenance (OandM) Projects - Master Cooperative Agreement: ARNG Training Ranges/Range Training | W912MMM-15-2-1007 | Military | 138 |
| 12.401 | National Guard Bureau | National Guard Military Operations and Maintenance (OandM) Projects - Master Cooperative Agreement: ARNG Training Ranges/Range Training | W912MMM-10-2-1007 | Military | 57,252 |
| 12.401 | National Guard Bureau | National Guard Military Operations and Maintenance (OandM) Projects - Master Cooperative Agreement: ARNG Telecommunications | W912MMM-10-2-1005 | Military | 123,678 |
| 12.401 | National Guard Bureau | National Guard Military Operations and Maintenance (OandM) Projects - Master Cooperative Agreement: ARNG Security Guard Activities | W912MMM-10-2-1003 | Military | 200,425 |
| 12.401 | National Guard Bureau | National Guard Military Operations and Maintenance (OandM) Projects - Master Cooperative Agreement: ARNG Security Guard Activities | W912MMM-15-2-1003 | Military | 416,098 |
| 12.401 | National Guard Bureau | National Guard Military Operations and Maintenance (OandM) Projects - Master Cooperative Agreement: ARNG Environmental Resource Management | W912MMM-10-2-1002 | Military | 201,009 |
| 12.401 | National Guard Bureau | National Guard Military Operations and Maintenance (OandM) Projects - Master Cooperative Agreement: ARNG Environmental Resource Management | W912MMM-15-2-1002 | Military | 251,879 |
| 12.401 | National Guard Bureau | National Guard Military Operations and Maintenance (OandM) Projects - Master Cooperative Agreement: ARNG Electronic Security | W912MMM-15-2-1004 | Military | 110,240 |
| 12.401 | National Guard Bureau | National Guard Military Operations and Maintenance (OandM) Projects - Master Cooperative Agreement: ARNG Distance Learning | W912MMM-10-2-1040 | Military | 103,685 |

STATE OF SOUTH DAKOTA
Schedule of Expenditures of Federal Awards by Federal Department
For the Fiscal Year Ended June 30, 2015

| CFDA Number | Federal Agency | Program | Contract Number | State Agency | Expenditures/ Disbursements/ Issuances |
|----------------------------|-----------------------|--|-------------------|--------------|--|
| Defense (continued) | | | | | |
| 12.401 | National Guard Bureau | National Guard Military Operations and Maintenance (OandM) Projects - Master Cooperative Agreement: ARNG Distance Learning | W912MMM-15-2-1040 | Military | 113,937 |
| 12.401 | National Guard Bureau | National Guard Military Operations and Maintenance (OandM) Projects - Interservice Support Agreement: Aberdeen Armed Forces Reserve Center | W5BM2T-87001-001 | Military | 56,252 |
| 12.401 | National Guard Bureau | National Guard Military Operations and Maintenance (OandM) Projects - Master Cooperative Agreement: ARNG Electronic Security | W912MMM-10-2-1004 | Military | 95,992 |
| 12.401 | National Guard Bureau | National Guard Military Operations and Maintenance (OandM) Projects - Master Cooperative Agreement: ARNG Anti-Terrorism Program Coordinator Activities | W912MMM-13-2-1010 | Military | 90,756 |
| 12.401 | National Guard Bureau | National Guard Military Operations and Maintenance (OandM) Projects - Master Cooperative Agreement: ANG Security Guard Activities | W912MMM-15-2-1023 | Military | 513,715 |
| 12.401 | National Guard Bureau | National Guard Military Operations and Maintenance (OandM) Projects - Master Cooperative Agreement: ANG Facilities Operations and Maintenance Activities | W912MMM-15-2-1021 | Military | 936,364 |
| 12.401 | National Guard Bureau | National Guard Military Operations and Maintenance (OandM) Projects - Master Cooperative Agreement: ANG Fire Protection Activities | W912MMM-15-2-1024 | Military | 1,509,384 |
| 12.401 | National Guard Bureau | National Guard Military Operations and Maintenance (OandM) Projects - Master Cooperative Agreement: ANG Environmental Resources Management | W912MMM-15-2-1022 | Military | 41,868 |
| 12.401 | National Guard Bureau | National Guard Military Operations and Maintenance (OandM) Projects - Master Cooperative Agreement: ANG Environmental Resources Management | W912MMM-10-2-1022 | Military | 13,507 |
| 12.401 | National Guard Bureau | National Guard Military Operations and Maintenance (OandM) Projects - Master Cooperative Agreement: ARNG Real Property Operations and Maintenance | W912MMM-15-2-1001 | Military | 3,118,493 |
| 12.401 | National Guard Bureau | National Guard Military Operations and Maintenance (OandM) Projects - Master Cooperative Agreement: ANG Facilities Operations and Maintenance Activities | W912MMM-11-2-1021 | Military | 304,361 |
| 12.401 | National Guard Bureau | National Guard Military Operations and Maintenance (OandM) Projects - Master Cooperative Agreement: ANG Security Guard Activities | W912MMM-11-2-1023 | Military | 259,172 |
| 12.404 | National Guard Bureau | National Guard ChallengeNGe Program (STARBASE) | W912MMM-15-2-4002 | Military | 971,926 |

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

STATE OF SOUTH DAKOTA
Schedule of Expenditures of Federal Awards by Federal Department
For the Fiscal Year Ended June 30, 2015

| CFDA Number | Federal Agency | Program | Contract Number | State Agency | Expenditures/ Disbursements/ Issuances |
|--|--|--|-------------------|-----------------------------------|--|
| Defense (continued) | | | | | |
| 12.404 | National Guard Bureau | National Guard ChalleNGe Program (STARBASE) | W912MM-14-2-4002 | Military | 98,991 |
| 12.902 | National Security Agency | Information Security Grant Program | | DSU | 59,007 |
| 12.NAFBA1-13-M-0340 | Defense | Defense Contract Number NAFBA1-13-M-0340 | NAFBA1-13-M-0340 | SDSU | 61,742 |
| 12.UNKNOWN | Department of the Army | Pallid Sturgeon Study | | Game, Fish and Parks | 206,547 |
| 12.UNKNOWN | Department of the Army | Cultural Resource Agreements | | Game, Fish and Parks | 82,216 |
| 12.W9128F-12-C-0087 | Department of the Army, Office of the Chief of Engineers | Cultural Resources Management Plans | W9128F-12-C-0087 | Tourism | 408,471 |
| 12.W9218-F-08-A-0025 | Department of the Army, Office of the Chief of Engineers | Cultural Resources Management Plans | W9218-F-08-A-0025 | Tourism | 19,843 |
| Total Defense | | | | | 18,050,116 |
| Disability Insurance/SSI Cluster | | | | | |
| 96.001 | Social Security Administration | Social Security - Disability Insurance | 04-0804SDDI00 | Human Services | 4,663,928 |
| Total Disability Insurance/SSI Cluster | | | | | 4,663,928 |
| Drinking Water State Revolving Fund Cluster | | | | | |
| 66.468 | Office of Water | Capitalization Grants for Drinking Water State Revolving Funds (Note 3G) | | Environment and Natural Resources | 143,774,203 |
| Total Drinking Water State Revolving Fund Cluster | | | | | 143,774,203 |
| Education | | | | | |
| 84.002 | Office of Vocational and Adult Education | Adult Education - State Grant Program | | Labor | 996,974 |
| 84.010 | Office of Elementary and Secondary Education | Title I Grants to Local Educational Agencies | | Education | 42,874,069 |
| 84.011 | Office of Elementary and Secondary Education | Migrant Education - State Grant Program | | Education | 776,975 |
| 84.013 | Office of Elementary and Secondary Education | Title I State Agency Program for Neglected and Delinquent Children and Youth | | Education | 134,136 |
| 84.031 | Office of Postsecondary Education | Higher Education - Institutional Aid | P031A130087 | NSU | 385,812 |

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

STATE OF SOUTH DAKOTA
Schedule of Expenditures of Federal Awards by Federal Department
For the Fiscal Year Ended June 30, 2015

| CFDA Number | Federal Agency | Program | Contract Number | State Agency | Expenditures/ Disbursements/ Issuances |
|------------------------------|---|---|-----------------|----------------|--|
| Education (continued) | | | | | |
| 84.048 | Office of Vocational and Adult Education | Career and Technical Education - Basic Grants to States | | Education | 4,815,229 |
| 84.116 | Office of Postsecondary Education | Fund for the Improvement of Postsecondary Education | P116F140166 | SDSU | 297,334 |
| 84.126 | Office of Special Education and Rehabilitative Services | Rehabilitation Services - Vocational Rehabilitation Grants to States | | Human Services | 8,652,863 |
| 84.129 | Office of Special Education and Rehabilitative Services | Rehabilitation Long-Term Training | H129B140033 | SDSU | 29,695 |
| 84.129 | Office of Special Education and Rehabilitative Services | Rehabilitation Long-Term Training | H129B100009 | SDSU | 83,008 |
| 84.144 | Office of Elementary and Secondary Education | Migrant Education - Coordination Program | | Education | 115,049 |
| 84.169 | Office of Special Education and Rehabilitative Services | Independent Living - State Grants | | Human Services | 283,715 |
| 84.177 | Office of Special Education and Rehabilitative Services | Rehabilitation Services-Independent Living Services for Older Individuals Who Are Blind | | Human Services | 278,497 |
| 84.181 | Office of Special Education and Rehabilitative Services | Special Education - Grants for Infants and Families | | Education | 2,885,242 |
| 84.187 | Office of Special Education and Rehabilitative Services | Supported Employment Services for Individuals with the Most Significant Disabilities | | Human Services | 246,921 |
| 84.196 | Office of Elementary and Secondary Education | Education for Homeless Children and Youth | | Education | 220,998 |
| 84.224 | Office of Special Education and Rehabilitative Services | Assistive Technology | | Human Services | 368,842 |
| 84.265 | Office of Special Education and Rehabilitative Services | Rehabilitation Training-State Vocational Rehabilitation Unit In-Service Training | | Human Services | 34,157 |
| 84.287 | Office of Elementary and Secondary Education | Twenty-First Century Community Learning Centers | | Education | 5,754,499 |
| 84.325 | University of Florida - flow through | Special Education - Personnel Development to Improve Services and Results for Children with Disabilities - CEDAR - Collaboration for Effective Educator Development Accountability and Reform | | Education | 3,654 |
| 84.326 | Office of Special Education and Rehabilitative Services | Special Education - Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities | | USD | 106,387 |

STATE OF SOUTH DAKOTA
Schedule of Expenditures of Federal Awards by Federal Department
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| CFDA Number | Federal Agency | Program | Contract Number | State Agency | Expenditures/ Disbursements/ Issuances |
|------------------------------|---|---|------------------|----------------------------|--|
| Education (continued) | | | | | |
| 84.327 | Office of Special Education and Rehabilitative Services | Special Education - Educational Technology Media, and Materials for Individuals with Disabilities | | USD | 1,573 |
| 84.334 | Office of Postsecondary Education | Gaining Early Awareness and Readiness for Undergraduate Programs | | Education | 2,850,278 |
| 84.336 | Black Hills Special Services Cooperative - flow through | Teacher Quality Partnership Grants | BHSSC-BHSU (TQE) | BHSU | 1,140 |
| 84.336 | Mid-Central Educational Cooperative - flow through | Teacher Quality Partnership Grants | | USD | 64,300 |
| 84.358 | Office of Elementary and Secondary Education | Rural Education | | Education | 77,979 |
| 84.365 | Office of Elementary and Secondary Education | English Language Acquisition State Grants | | Education | 809,476 |
| 84.366 | Office of Elementary and Secondary Education | Mathematics and Science Partnerships | | Education | 634,528 |
| 84.367 | University of California - flow through | Improving Teacher Quality State Grants | | USD | 992 |
| 84.367 | Office of Elementary and Secondary Education | Improving Teacher Quality State Grants | | Education/Board of Regents | 10,775,232 |
| 84.369 | Office of Elementary and Secondary Education | Grants for State Assessments and Related Activities | | Education | 5,047,005 |
| 84.372 | Institute of Education Sciences | Statewide Longitudinal Data Systems | | Education | 1,048,974 |
| 84.378 | Mid Central Educational Cooperative - flow through | College Access Challenge Grant Program | | USD | 16,409 |
| 84.378 | Office of Postsecondary Education | College Access Challenge Grant Program | | Education | 647,206 |
| 84.418 | Utah Department of Education - flow through | Promoting Readiness of Minors in Supplemental Security Income | | Human Services | 309,587 |
| 84.902 | Office of Educational Research and Improvement | National Assessment of Educational Progress (NAEP) | | Education | 123,246 |
| 84.UNKNOWN | National Center for Educational Statistics | Grants and Contract Services | | Education | 7,064 |
| 84.UNKNOWN | Mid Central Educational Cooperative - flow through | Education Research, Development and Dissemination | | USD | 24,699 |

STATE OF SOUTH DAKOTA
Schedule of Expenditures of Federal Awards by Federal Department
For the Fiscal Year Ended June 30, 2015

| CFDA Number | Federal Agency | Program | Contract Number | State Agency | Expenditures/ Disbursements/ Issuances |
|---|---|--|-----------------|---|--|
| Total Education | | | | | 91,783,744 |
| Election Assistance Commission | | | | | |
| 90.401 | Election Assistance Commission | Help America Vote Act Requirements Payments | | Secretary of State | 679,802 |
| Total Election Assistance Commission | | | | | 679,802 |
| Employment Service Cluster | | | | | |
| 17.207 | Employment Training Administration | Employment Service/Wagner-Peyser Funded Activities | | Labor | 5,169,880 |
| 17.801 | Veteran's Employment and Training Service | Disabled Veterans' Outreach Program (DVOP) | | Labor | 516,424 |
| 17.804 | Veteran's Employment and Training Service | Local Veterans' Employment Representative Program | | Labor | 28,394 |
| Total Employment Service Cluster | | | | | 5,714,698 |
| Energy | | | | | |
| 81.041 | Energy | State Energy Program | | Governor's Office of Economic Development | 35,365 |
| 81.042 | Office of Energy Efficiency and Renewable Energy | Weatherization Assistance for Low-Income Persons | | Social Services | 1,783,412 |
| 81.122 | National Energy Technology Laboratory | ARRA - Electricity Delivery and Energy Reliability, Research, Development and Analysis - State Electricity Regulators Assistance | | Public Utilities Commission | 41,892 |
| 81.138 | Energy | State Heating Oil and Propane Program (SHOPP) | | Governor's Office of Economic Development | 2,500 |
| 81.601515 | Fermi National Lab - flow through | Fermi National Lab - flow through | | SDSMT | 268 |
| 81.UNKNOWN | Fermi Research Alliance, LLC - Fermi National Accelerator Laboratory - flow through | Fermi National Accelerator Laboratory contract | 618741 | Science and Technology Authority | 3,093,716 |
| 81.UNKNOWN | University of North Carolina at Chapel Hill - flow through | University of North Carolina at Chapel Hill Department of Physics and Astronomy | 5-44819 | Science and Technology Authority | 31,998 |
| 81.UNKNOWN | Lawrence Berkeley National Lab - flow through | Lawrence Berkeley National Lab contract | 6994297 | Science and Technology Authority | 14,345,923 |

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

STATE OF SOUTH DAKOTA
Schedule of Expenditures of Federal Awards by Federal Department
For the Fiscal Year Ended June 30, 2015

| CFDA Number | Federal Agency | Program | Contract Number | State Agency | Expenditures/ Disbursements/ Issuances |
|--|--|--|-----------------|-----------------------------------|--|
| Total Energy | | | | | 19,335,074 |
| Environmental Protection Agency | | | | | |
| 66.034 | Office of Air and Radiation | Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act | | Environment and Natural Resources | 292,330 |
| 66.040 | Office of Air and Radiation | State Clean Diesel Grant Program | | Environment and Natural Resources | 84,751 |
| 66.419 | Office of Water | Water Pollution Control State, Interstate, and Tribal Program Support | | Environment and Natural Resources | 400,864 |
| 66.454 | Office of Water | Water Quality Management Planning | | Environment and Natural Resources | 30,349 |
| 66.460 | Office of Water | Nonpoint Source Implementation Grants | | Environment and Natural Resources | 3,348,900 |
| 66.474 | Office of Water | Water Protection Grants to the States | | Environment and Natural Resources | 64,516 |
| 66.513 | Office of Research and Development (ORD) | Greater Research Opportunities (GRO) Fellowships For Undergraduate Environmental Study | | DSU | 2,210 |
| 66.605 | Office of the Administrator | Performance Partnership Grants | | Environment and Natural Resources | 4,009,181 |
| 66.605 | Office of the Administrator | Performance Partnership Grants | BG-96810113-0 | Agriculture | 420,688 |
| 66.608 | Office of Environmental Information | Environmental Information Exchange Network Grant Program and Related Assistance | | Environment and Natural Resources | 43,319 |
| 66.802 | Office of Solid Waste and Emergency Response | Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements | | Environment and Natural Resources | 96,260 |
| 66.804 | Office of Solid Waste and Emergency Response | Underground Storage Tank Prevention, Detection and Compliance Program | | Environment and Natural Resources | 288,165 |
| 66.805 | Office of Solid Waste and Emergency Response | Leaking Underground Storage Tank Trust Fund Corrective Action Program | | Environment and Natural Resources | 483,803 |
| 66.817 | Office of Solid Waste and Emergency Response | State and Tribal Response Program Grants | | Environment and Natural Resources | 561,398 |
| Total Environmental Protection Agency | | | | | 10,126,734 |

STATE OF SOUTH DAKOTA
Schedule of Expenditures of Federal Awards by Federal Department
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| CFDA Number | Federal Agency | Program | Contract Number | State Agency | Expenditures/ Disbursements/ Issuances |
|---|---|--|-----------------|----------------------|--|
| Equal Employment Opportunity Commission | | | | | |
| 30.002 | Equal Employment Opportunity Commission | Employment Discrimination - State and Local Fair Employment Practices Agency Contracts | EECCN100108 | Labor | 45,923 |
| Total Equal Employment Opportunity Commission | | | | | 45,923 |
| Executive Office of the President | | | | | |
| 95.001 | Office of National Drug Control Policy | High Intensity Drug Trafficking Areas Program | | Attorney General | 741,582 |
| Total Executive Office of the President | | | | | 741,582 |
| Federal Transit Cluster | | | | | |
| 20.500 | Federal Transit Administration | Federal Transit - Capital Investment Grants | | Transportation | 1,275,604 |
| 20.526 | Federal Transit Administration | Bus and Bus Facilities Formula Program | | Transportation | 332,740 |
| Total Federal Transit Cluster | | | | | 1,608,344 |
| Fish and Wildlife Cluster | | | | | |
| 15.605 | Fish and Wildlife Service | Sport Fish Restoration Program | | Game, Fish and Parks | 3,449,442 |
| 15.611 | Fish and Wildlife Service | Wildlife Restoration and Basic Hunter Education | | Game, Fish and Parks | 9,182,810 |
| Total Fish and Wildlife Cluster | | | | | 12,632,252 |
| Food Distribution Cluster | | | | | |
| 10.565 | Food and Nutrition Service | Commodity Supplemental Food Program | | Education | 270,154 |
| 10.568 | Food and Nutrition Service | Emergency Food Assistance Program (Administrative Costs) (Note 3A) | | Education | 1,039,991 |
| Total Food Distribution Cluster | | | | | 1,310,145 |
| Forest Service Schools and Roads Cluster | | | | | |
| 10.665 | Forest Service | Schools and Roads - Grants to States | | State Auditor | 1,699,129 |
| Total Forest Service Schools and Roads Cluster | | | | | 1,699,129 |

STATE OF SOUTH DAKOTA
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| CFDA Number | Federal Agency | Program | Contract Number | State Agency | Expenditures/ Disbursements/ Issuances |
|--|--|---|-----------------|--------------------------|--|
| General Services Administration | | | | | |
| 39.003 | General Services Administration | Donation of Federal Surplus Personal Property (Note 3C) | | Bureau of Administration | 1,064,689 |
| 39.011 | General Services Administration | Election Reform Payments - Help America Vote Act | | Secretary of State | 340,077 |
| Total General Services Administration | | | | | 1,404,766 |
| Health and Human Services | | | | | |
| 93.041 | Administration for Community Living | Special Programs for the Aging - Title VII, Chapter 3 - Programs for Prevention of Elder Abuse, Neglect, and Exploitation | | Social Services | 21,097 |
| 93.042 | Administration for Community Living | Special Programs for the Aging - Title VII, Chapter 2 - Long Term Care Ombudsman Services for Older Individuals. | | Social Services | 77,931 |
| 93.043 | Administration for Community Living | Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services | | Social Services | 66,348 |
| 93.048 | Administration for Community Living | ARRA - Special Programs for the Aging - Title IV - and Title II - Discretionary Projects - Storm Support | | Social Services | 51,313 |
| 93.052 | Administration for Community Living | National Family Caregiver Support, Title III, Part E | | Social Services | 822,413 |
| 93.069 | Centers for Disease Control and Prevention | Public Health Emergency Preparedness | | Health | 4,173,756 |
| 93.071 | Administration for Community Living | Medicare Enrollment Assistance Program - MIPPA | | Social Services | 99,453 |
| 93.074 | Centers for Disease Control and Prevention | Hospital Preparedness Program HPP and Public Health Emergency Preparedness PHEP Aligned Cooperative Agreements | | Health | 19,718 |
| 93.079 | Centers for Disease Control and Prevention | Cooperative Agreements to Promote Adolescent Health through School - Based HIV/STD Prevention and School - Based Surveillance | | Health | 60,853 |
| 93.090 | Administration for Children and Families | Guardianship Assistance | | Social Services | 43,186 |
| 93.092 | Administration for Children and Families | Affordable Care Act (ACA) Personal Responsibility Education Program | | Health | 205,093 |
| 93.103 | Food and Drug Administration | Food and Drug Administration - Research - License & Inspection System | | Health | 5,091 |

STATE OF SOUTH DAKOTA
Schedule of Expenditures of Federal Awards by Federal Department
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| CFDA Number | Federal Agency | Program | Contract Number | State Agency | Expenditures/ Disbursements/ Issuances |
|--|--|--|-----------------|-----------------|--|
| Health and Human Services (continued) | | | | | |
| 93.107 | Health Resources and Services Administration | Area Health Education Centers Point of Service Maintenance and Enhancement Awards | | USD | 386,933 |
| 93.110 | Arkansas Children's Hospital Research Institute - flow through | Maternal and Child Health Federal Consolidated Programs - Individual Health Plan for Youth Genetic Conditions | | USD | 62,719 |
| 93.110 | Health Resources and Services Administration | Maternal and Child Health Federal Consolidated Programs | | USD | 519,953 |
| 93.110 | Health Resources and Services Administration | Maternal and Child Health Federal Consolidated Programs - SD State Systems Development Initiative and Children's Oral Healthcare Access Program | | Health | 119,855 |
| 93.116 | Centers for Disease Control and Prevention | Project Grants and Cooperative Agreements for Tuberculosis Control Programs | | Health | 272,073 |
| 93.127 | Health Resources and Services Administration | Emergency Medical Services for Children | | USD | 126,654 |
| 93.130 | Health Resources and Services Administration | Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices | | Health | 147,329 |
| 93.136 | Centers for Disease Control and Prevention | Injury Prevention and Control Research and State and Community Based Programs - Sexual Violence Prevention and Education | | Health | 176,422 |
| 93.138 | Substance Abuse and Mental Health Services Administration | Protection and Advocacy for Individuals With Mental Illness | | Human Services | 338,206 |
| 93.150 | Substance Abuse and Mental Health Services Administration | Projects for Assistance in Transition from Homelessness (PATH) | | Social Services | 276,187 |
| 93.217 | Office of Population Affairs | Family Planning Services | | Health | 1,024,407 |
| 93.228 | Flandreau Santee Sioux Tribe and Ho-Chunk Neenok Chunk Ho Chee Inc. - flow through | Indian Health Service - Health Management Development Program | | USD | 11,825 |
| 93.235 | Administration for Children and Families | Affordable Care Act Abstinence Education Program | | Health | 103,637 |
| 93.241 | Health Resources and Services Administration | State Rural Hospital Flexibility Program | | Health | 504,466 |
| 93.243 | Substance Abuse and Mental Health Services Administration | Substance Abuse and Mental Health Services - Projects of Regional and National Significance - Strategic Prevention Framework State Incentive Grant | | Social Services | 975,455 |

STATE OF SOUTH DAKOTA
Schedule of Expenditures of Federal Awards by Federal Department
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| CFDA Number | Federal Agency | Program | Contract Number | State Agency | Expenditures/ Disbursements/ Issuances |
|--|---|---|--------------------|-----------------|--|
| Health and Human Services (continued) | | | | | |
| 93.243 | Substance Abuse and Mental Health Services Administration | Substance Abuse and Mental Health Services - Projects of Regional and National Significance | | Social Services | 254,417 |
| 93.247 | Health Resources and Services Administration | Advanced Nursing Education Grant Program | D09HP22594 | SDSU | 31,044 |
| 93.251 | Health Resources and Services Administration | Universal Newborn Hearing Screening | | Health | 25 |
| 93.267 | Health Resources and Services Administration | State Grants for Protection and Advocacy Services | | Human Services | 53,549 |
| 93.268 | Centers for Disease Control and Prevention | Immunization Cooperative Agreements | | Health | 11,566,645 |
| 93.283 | Black Hills Special Services Cooperative - flow through | Centers for Disease Control and Prevention - Investigations and Technical Assistance | | SDSU | 6,851 |
| 93.283 | Centers for Disease Control and Prevention | Centers for Disease Control and Prevention - Investigations and Technical Assistance | | Health/USD | 2,774,491 |
| 93.283 | Centers for Disease Control and Prevention | Centers for Disease Control and Prevention - Investigations and Technical Assistance | 283-02-9026 | Social Services | 109,630 |
| 93.283 | Kennedy Krieger Children's Hospital - flow through | Centers for Disease Control and Prevention - Investigations and Technical Assistance | | USD | 38,576 |
| 93.301 | Health Resources and Services Administration | Small Rural Hospital Improvement Grant Program | | Health | 336,960 |
| 93.314 | Centers for Disease Control and Prevention | Early Hearing Detection and Intervention Information System (EHDI-IS) Surveillance Program | | Health | 112,551 |
| 93.319 | Centers for Disease Control and Prevention | Outreach Programs to Reduce the Prevalence of Obesity in High Risk Rural Areas | 1U58DP005477-01 | SDSU | 209,423 |
| 93.324 | Administration for Community Living | State Health Insurance Assistance Program | | Social Services | 341,853 |
| 93.336 | Centers for Disease Control and Prevention | Behavioral Risk Factor Surveillance System | | Health | 71,971 |
| 93.358 | Health Resources and Services Administration | Advanced Education Nursing Traineeships | A10HP27178 | SDSU | 332,665 |
| 93.359 | Health Resources and Services Administration | Nurse Education, Practice Quality and Retention Grants | 1 D11HP22198-01-00 | SDSU | 36,042 |

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| CFDA Number | Federal Agency | Program | Contract Number | State Agency | Expenditures/ Disbursements/ Issuances |
|--|--|---|--|---|--|
| Health and Human Services (continued) | | | | | |
| 93.449 | Food and Drug Administration | Ruminant Feed Ban Support Project | HHSF223201310044/ HHSF223200840172C /HHSF223201310169 C | Agriculture | 51,055 |
| 93.505 | Health Resources and Services Administration | Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program | | Health | 1,189,383 |
| 93.511 | Centers for Medicare and Medicaid Services | Affordable Care Act (ACA) Grants to States for Health Insurance Premium Review | | Labor | 183,224 |
| 93.521 | Centers for Disease Control and Prevention | The Affordable Care Act: Building Epidemiology, Laboratory, and Health Information Systems Capacity in the Epidemiology and Laboratory Capacity for Infectious Disease (ELC) and Emerging Infections Program (EIP) Cooperative Agreements | | Health | 327,466 |
| 93.525 | Centers for Medicare and Medicaid Services | State Planning and Establishment Grant for Affordable Care Act Exchanges | | Governor's Office of Economic Development/Labor/Social Services | 120,106 |
| 93.531 | Centers for Disease Control and Prevention | Patient Protection and Affordable Care Act of 2010 (Affordable Act) authorizes Community Transformation Grants and National Dissemination and Support for Community Transformation Grants | | Health | 250,293 |
| 93.548 | Centers for Disease Control and Prevention | PPHF: State Nutrition, Physical Activity, and Obesity Programs - financed in part by PPHF | | Health | 125,348 |
| 93.556 | Administration for Children and Families | Promoting Safe and Stable Families | | Social Services | 847,519 |
| 93.563 | Administration for Children and Families | Child Support Enforcement (Note 30) | | Social Services | 5,136,286 |
| 93.566 | Administration for Children and Families | Refugee and Entrant Assistance - State Administered Programs | | Social Services | 363,559 |
| 93.568 | Administration for Children and Families | Low-Income Home Energy Assistance | | Social Services | 18,157,693 |
| 93.569 | Administration for Children and Families | Community Services Block Grant | | Social Services | 2,672,398 |
| 93.586 | Administration for Children and Families | State Court Improvement Program | G-1401SDSCIP | Unified Judicial System | 217,466 |
| 93.590 | Administration for Children and Families | Community-Based Child Abuse Prevention Grants - Child Abuse Prevention and Treatment | | Social Services | 223,027 |

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

STATE OF SOUTH DAKOTA
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|--|--|---|-----------------|--------------------|--|
| Health and Human Services (continued) | | | | | |
| 93.597 | Administration for Children and Families | Grants to States for Access and Visitation Programs | | Social Services | 99,246 |
| 93.599 | Administration for Children and Families | Chafee Education and Training Vouchers Program (ETV) | | Social Services | 107,351 |
| 93.600 | Administration for Children and Families | Head Start | | USD/Education | 2,201,016 |
| 93.603 | Administration for Children and Families | Adoption and Legal Guardianship Incentive Payments | | Social Services | 42,287 |
| 93.617 | Administration for Community Living | Voting Access for Individuals with Disabilities - Grants to States | | Secretary of State | 2,501 |
| 93.618 | Administration for Community Living | Voting Access for Individuals with Disabilities - Grants for Protection and Advocacy Systems | | Human Services | 47,002 |
| 93.630 | Administration for Community Living | Developmental Disabilities Basic Support and Advocacy Grants | | Human Services | 799,041 |
| 93.632 | Administration for Community Living | University Centers for Excellence in Developmental Disabilities Education, Research and Service | | USD | 607,633 |
| 93.643 | Administration for Children and Families | Children's Justice Grants to States | | Social Services | 73,566 |
| 93.645 | Administration for Children and Families | Stephanie Tubbs Jones Child Welfare Services Program | | Social Services | 413,273 |
| 93.648 | University at Albany (New York) - flow through | Child Welfare Research Training or Demonstration | | USD | 5,464 |
| 93.658 | Administration for Children and Families | Foster Care - Title IV-E | | Social Services | 5,947,241 |
| 93.659 | Administration for Children and Families | Adoption Assistance | | Social Services | 3,820,670 |
| 93.667 | Administration for Children and Families | Social Services Block Grant | | Social Services | 4,026,502 |
| 93.669 | Administration for Children and Families | Child Abuse and Neglect State Grants | | Social Services | 159,377 |
| 93.671 | Administration for Children and Families | Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services | | Social Services | 720,385 |
| 93.674 | Administration for Children and Families | Chafee Foster Care Independence Program | | Social Services | 485,375 |

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|--|--|---|-----------------|---------------------|--|
| Health and Human Services (continued) | | | | | |
| 93.725 | Administration for Community Living | ARRA Communities Putting Prevention to Work Chronic Disease Self-Management Program | | Health | 685,215 |
| 93.735 | Centers for Disease Control and Prevention | State Public Health Approaches for Ensuring Quiltline Capacity - Funded in part by Prevention and Public Health Funds (PPHF) | | Health | 19,834 |
| 93.757 | Centers for Disease Control and Prevention | State and Local Public Health Actions to Prevent Obesity, Diabetes, Heart Disease and Stroke (PPHF) | | Health | 865,187 |
| 93.767 | Centers for Medicare and Medicaid Services | Children's Health Insurance Program | | Social Services | 16,021,623 |
| 93.780 | Centers for Medicare and Medicaid Services | Grants to States for Operation of Qualified High-Risk Pools | | Bureau of Personnel | 495,347 |
| 93.791 | Centers for Medicare and Medicaid Services | Money Follows the Person Rebalancing Demonstration | | Social Services | 139,129 |
| 93.796 | Centers for Medicare and Medicaid Services | State Survey and Certification of Health Care Providers and Suppliers (Title XIX) Medicaid | | Health | 1,517,068 |
| 93.815 | Centers for Disease Control and Prevention | Domestic Ebola Supplement to the Epidemiology and Laboratory Capacity for Infectious Diseases ELC | | Health | 205 |
| 93.889 | Office of the Secretary | National Bioterrorism Hospital Preparedness Program | | Health | 880,767 |
| 93.912 | Health Resources and Services Administration | Rural Health Care Services Outreach, Rural Health Network Development and Small Health Care Provider Quality Improvement Program | | DSU | 57,390 |
| 93.912 | Health Resources and Services Administration | Rural Health Care Services Outreach, Rural Health Network Development and Small Health Care Provider Quality Improvement Program - Dental Hygiene School-Based Preventive Dentistry Program | | USD | 142,868 |
| 93.913 | Health Resources and Services Administration | Grants to States for Operation of Offices of Rural Health | | Health | 178,974 |
| 93.917 | Health Resources and Services Administration | HIV Care Formula Grants - Ryan White Care Act Title II | | Health | 1,191,888 |
| 93.928 | Health Resources and Services Administration | Special Projects of National Significance | | Health | 24,608 |
| 93.940 | Centers for Disease Control and Prevention | HIV Prevention Activities - Health Department Based | | Health | 557,476 |
| 93.944 | Centers for Disease Control and Prevention | Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance | | Health | 89,538 |

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

STATE OF SOUTH DAKOTA
Schedule of Expenditures of Federal Awards by Federal Department
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| CFDA Number | Federal Agency | Program | Contract Number | State Agency | Expenditures/ Disbursements/ Issuances |
|--|---|--|-----------------|----------------------|--|
| Health and Human Services (continued) | | | | | |
| 93.958 | Substance Abuse and Mental Health Services Administration | Block Grants for Community Mental Health Services | | Social Services | 982,722 |
| 93.959 | Substance Abuse and Mental Health Services Administration | Block Grants for Prevention and Treatment of Substance Abuse | | Social Services | 5,834,992 |
| 93.977 | Centers for Disease Control and Prevention | Preventive Health Services - Sexually Transmitted Diseases Control Grants | | Health | 165,577 |
| 93.988 | Centers for Disease Control and Prevention | Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems | | Health | 145,070 |
| 93.991 | Centers for Disease Control and Prevention | Preventive Health and Health Services Block Grant | | Health | 284,870 |
| 93.994 | Health Resources and Services Administration | Maternal and Child Health Services Block Grant to the States | | Health | 2,556,348 |
| Total Health and Human Services | | | | | 109,228,515 |
| Highway Planning and Construction Cluster | | | | | |
| 20.205 | Federal Highway Administration | Highway Planning and Construction | | Transportation | 290,042,664 |
| 20.219 | Federal Highway Administration | Recreational Trails Program | | Game, Fish and Parks | 1,072,498 |
| Total Highway Planning and Construction Cluster | | | | | 291,115,162 |
| Highway Safety Cluster | | | | | |
| 20.600 | National Highway Traffic Safety Administration | State and Community Highway Safety | | Public Safety | 2,070,860 |
| 20.601 | National Highway Traffic Safety Administration | Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants - Alcohol Impaired Driving Countermeasures Incentive Grants I | | Public Safety | 967,744 |
| 20.610 | National Highway Traffic Safety Administration | State Traffic Safety Information System Improvement Grants | | Public Safety | 978,106 |
| Total Highway Safety Cluster | | | | | 4,016,710 |
| Homeland Security | | | | | |
| 97.012 | Homeland Security | Boating Safety Financial Assistance | | Game, Fish and Parks | 1,468,206 |

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|--|--|---|-----------------|---|--|
| Homeland Security (continued) | | | | | |
| 97.023 | Homeland Security | Community Assistance Program State Support Services Element (CAP-SSSE) | | Public Safety | 76,731 |
| 97.036 | Homeland Security | Disaster Grants - Public Assistance (Presidentially Declared Disasters) | | Public Safety | 13,059,289 |
| 97.039 | Homeland Security | Hazard Mitigation Grant (HMGP) | | Public Safety | 7,299,099 |
| 97.041 | Homeland Security | National Dam Safety Program | | Environment and Natural Resources | 94,008 |
| 97.042 | Homeland Security | Emergency Management Performance Grants (EMPG) | | Public Safety | 3,346,664 |
| 97.043 | Homeland Security | State Fire Training Systems Grants | | Public Safety | 2,647 |
| 97.047 | Homeland Security | Pre-Disaster Mitigation (PDM) - Competitive Grants | | Public Safety | 59,330 |
| 97.067 | Homeland Security | Homeland Security Grant Program | | Public Safety | 5,323,402 |
| Total Homeland Security | | | | | 30,729,376 |
| Housing and Urban Development | | | | | |
| 14.169 | Office of Housing - Federal Housing Commissioner | Housing Counseling Assistance Program | | Housing Development Authority | 183,065 |
| 14.171 | Office of Housing - Federal Housing Commissioner | Manufactured Home Dispute Resolution | | Public Safety | 5,580 |
| 14.228 | Office of Community Planning and Development | Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii (Note 3G) | | Housing Development Authority/Governor's Office of Economic Development | 27,694,464 |
| 14.231 | Office of Community Planning and Development | Emergency Solutions Grants Program | | Housing Development Authority | 469,880 |
| 14.235 | Office of Community Planning and Development | Supportive Housing Program | | Housing Development Authority | 27,109 |
| 14.239 | Office of Community Planning and Development | Home Investment Partnerships Program | | Housing Development Authority | 60,119,766 |
| 14.323 | NeighborWorks America - flow through | Emergency Homeowners' Loan Program | | Housing Development Authority | 4,874 |
| Total Housing and Urban Development | | | | | 88,504,738 |

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| CFDA Number | Federal Agency | Program | Contract Number | State Agency | Expenditures/ Disbursements/ Issuances |
|---|---|---|------------------|----------------------|--|
| Institute of Museum and Library Services | | | | | |
| 45.301 | Institute of Museum and Library Services | Museums for America | MA-30-13-0505-13 | SDSU | 6,746 |
| 45.310 | Institute of Museum and Library Services | Grants to States | | Education | 1,026,492 |
| Total Institute of Museum and Library Services | | | | | 1,033,238 |
| Interior | | | | | |
| 15.021 | Cheyenne River Sioux Tribe - flow through | Consolidated Tribal Government Program | | SDSU | 10,037 |
| 15.224 | Bureau of Land Management | Cultural Resource Management-Data Sharing | L11AP20006 | Tourism | 111 |
| 15.227 | Bureau of Land Management | Distribution of Receipts to State and Local Governments - Mineral Leasing and Taylor Grazing | | Education | 1,870,294 |
| 15.228 | Bureau of Land Management | National Fire Plan - Wildland Urban Interface Community Fire Assistance - Rural Fire Assistance 9183 | L09AC15891 | Agriculture | 17,623 |
| 15.228 | Bureau of Land Management | National Fire Plan - Wildland Urban Interface Community Fire Assistance | L15AC00005 | Agriculture | 22,063 |
| 15.504 | Bureau of Reclamation | Title XVI Water Reclamation and Reuse Program - Handicap Accessibility and Retrofitting at Angostura, Shadehill and Rocky Point | | Game, Fish and Parks | 486,945 |
| 15.608 | Fish and Wildlife Service | Fish and Wildlife Management Assistance - Rock Arch Rapids Fish Passage - Pactola | | Game, Fish and Parks | 617 |
| 15.608 | Fish and Wildlife Service | Fish and Wildlife Management Assistance - Lakescaping Demonstration Projects | | Game, Fish and Parks | 39 |
| 15.608 | Fish and Wildlife Service | Fish and Wildlife Management Assistance - Aquatic Nuisance Species | | Game, Fish and Parks | 25,952 |
| 15.615 | Fish and Wildlife Service | Cooperative Endangered Species Conservation Fund | | Game, Fish and Parks | 12,000 |
| 15.634 | Fish and Wildlife Service | State Wildlife Grants | | Game, Fish and Parks | 391,100 |
| 15.637 | Fish and Wildlife Service | Migratory Bird Joint Venture - Prairie Pothole Venture | | Game, Fish and Parks | 1,762 |
| 15.904 | National Park Service | Historic Preservation Fund Grants-In-Aid | | Tourism | 763,483 |
| 15.916 | National Park Service | Outdoor Recreation - Acquisition, Development and Planning | | Game, Fish and Parks | 169,949 |

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|-----------------------|---|--|-----------------|------------------|--|
| Total Interior | | | | | 3,771,975 |
| Justice | | | | | |
| 16.017 | Violence Against Women Office | Sexual Assault Services Formula Program | | Social Services | 142,858 |
| 16.111 | Criminal Division | Joint Law Enforcement Operations | | Attorney General | 34,433 |
| 16.523 | Office of Juvenile Justice and Delinquency Prevention | Juvenile Accountability Block Grants | | Corrections | 310,494 |
| 16.540 | Office of Juvenile Justice and Delinquency Prevention | Juvenile Justice and Delinquency Prevention - Allocation to States | | Corrections | 391,498 |
| 16.540 | Office of Juvenile Justice and Delinquency Prevention | Juvenile Justice and Delinquency Prevention - Allocation to States -Prison Rape Elimination Act Reallocation Funds | | Corrections | 525 |
| 16.543 | Office of Juvenile Justice and Delinquency Prevention | Missing Children's Assistance - SD Internet Crimes Against Children | | Attorney General | 247,709 |
| 16.548 | Office of Juvenile Justice and Delinquency Prevention | Title V Delinquency Prevention Program | | Corrections | 22,899 |
| 16.550 | Bureau of Justice Statistics | State Justice Statistics Program for Statistical Analysis Centers | | Attorney General | 70,389 |
| 16.554 | Bureau of Justice Statistics | National Criminal History Improvement Program (NCHIP) | | Attorney General | 80,911 |
| 16.560 | National Institute of Justice | National Institute of Justice Research, Evaluation, and Development Project Grants | | Attorney General | 392,819 |
| 16.575 | Office of Victims of Crime | Crime Victim Assistance | | Social Services | 1,377,475 |
| 16.576 | Office of Victims of Crime | Crime Victim Compensation | | Social Services | 208,085 |
| 16.579 | Bureau of Justice Assistance | Byrne Formula Grant Program | | Attorney General | 497,354 |
| 16.588 | Violence Against Women Office | Violence Against Women Formula Grants | | Social Services | 743,976 |
| 16.590 | Violence Against Women Office | Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program | | Attorney General | 212,219 |
| 16.593 | Bureau of Justice Assistance | Residential Substance Abuse Treatment for State Prisoners | | Social Services | 45,325 |
| 16.602 | Bureau of Prisons | Corrections Research and Evaluation and Policy Formulation - Second Chance Act Youth Offender Reentry Initiative | | Corrections | 27,974 |
| 16.606 | Bureau of Justice Assistance | State Criminal Alien Assistance Program | | Corrections | 36,996 |

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| Justice (continued) | | | | | |
| 16.710 | Office of Community Oriented Policing Services | Public Safety Partnership and Community Policing Grants | | Public Safety | 142,089 |
| 16.750 | Office of Sex Offender Sentencing, Monitoring, Apprehending, Registering, and Tracking | Support for Adam Walsh Act Implementation Grant Program | | Attorney General | 329,886 |
| 16.751 | Bureau of Justice Assistance | Edward Byrne Memorial Competitive Grant Program | | Public Safety | 12,358 |
| 16.754 | Bureau of Justice Assistance | Harold Rogers Prescription Drug Monitoring Program | 2010-PM-BX-0005 | Health | 85,214 |
| 16.812 | Bureau of Justice Assistance | Second Chance Act Prisoner Reentry Initiative | | Corrections | 462,560 |
| 16.816 | Bureau of Justice Assistance | John R. Justice Prosecutors and Defenders Incentive Act | | Attorney General | 42,726 |
| 16.SJI-11-T-160 | State Justice Institute - flow through | Technical Assistance Grant | SJI-11-T-160 | Unified Judicial System | 10,198 |
| Total Justice | | | | | 5,928,970 |
| Labor | | | | | |
| 17.002 | Bureau of Labor Statistics | Labor Force Statistics | | Labor | 586,665 |
| 17.225 | Employment Training Administration | Unemployment Insurance (Note 3L) | | Labor | 33,551,308 |
| 17.235 | Employment Training Administration | Senior Community Service Employment Program | | Labor | 636,690 |
| 17.245 | Employment Training Administration | Trade Adjustment Assistance | | Labor | 379,351 |
| 17.261 | Employment Training Administration | WIA Pilots, Demonstrations, and Research Projects | | Labor | 429,090 |
| 17.271 | Employment Training Administration | Work Opportunity Tax Credit Program (WOTC) | | Labor | 55,427 |
| 17.273 | Employment Training Administration | Temporary Labor Certification for Foreign Workers | | Labor | 94,486 |
| 17.277 | Employment Training Administration | WIA Dislocated Workers National Emergency Grant | | Labor | 117,903 |
| 17.504 | Occupational Safety and Health Administration | Consultation Agreements | CS-26101-CS5 | SDSU | 354,308 |

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|--|---|--|---------------------|------------------|--|
| Labor (continued) | | | | | |
| 17.504 | Occupational Safety and Health Administration | Consultation Agreements | CS-24786-CS4 | SDSU | 179,581 |
| 17.600 | Mine Safety and Health Administration | Mine Health and Safety Grants | MS-25690-14-55-R-46 | SDSMT | 26,295 |
| 17.600 | Mine Safety and Health Administration | Mine Health and Safety Grants - Program Income | MS-25690-14-55-R-46 | SDSMT | 2,705 |
| 17.600 | Mine Safety and Health Administration | Mine Health and Safety Grants | | SDSMT | 21,074 |
| Total Labor | | | | | 36,434,883 |
| Medicaid Cluster | | | | | |
| 93.775 | Centers for Medicare and Medicaid Services | State Medicaid Fraud Control Units | | Attorney General | 314,013 |
| 93.777 | Centers for Medicare and Medicaid Services | State Survey Certification of Health Care Providers and Suppliers (Title XIX) Medicaid | | Health | 1,063,203 |
| 93.778 | Centers for Medicare and Medicaid Services | Medical Assistance Program | | Social Services | 496,588,890 |
| Total Medicaid Cluster | | | | | 497,966,106 |
| National Aeronautics and Space Administration | | | | | |
| 43.001 | National Aeronautics and Space Administration | Science - Journey Museum "Journey Into Space" | Journey-BHSU 11-01 | BHSU | 143 |
| 43.009 | National Aeronautics and Space Administration | Cross Agency Support | NNX14AL58H | SDSMT | 48,145 |
| 43.1PA35-NA | National Aeronautics and Space Administration | NASA Ames Research Center - IPA Scientist Proposal | IPA35-NA | SDSMT | 122,048 |
| Total National Aeronautics and Space Administration | | | | | 170,336 |
| National Archives and Records Administration | | | | | |
| 89.003 | National Archives and Records Administration | National Historical Publications and Records Grants | NAR15-RC-10251-15 | Tourism | 2,927 |
| 89.003 | National Archives and Records Administration | National Historical Publications and Records Grants (NHPRC) - SD State Archives Government Records Backlog Project | NAR14-RH-50104-14 | Tourism | 18,539 |

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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|---|---|--|-------------------|----------------------------------|--|
| National Archives and Records Administration (continued) | | | | | |
| 89.003 | National Archives and Records Administration | National Historical Publications and Records Grants - SD State Archives Government Records Backlog Project | NAR12-RH-50017-12 | Tourism | 4,325 |
| 89.003 | National Archives and Records Administration | National Historical Publications and Records Grants | NAR14-RC-10212-14 | Tourism | 1,740 |
| Total National Archives and Records Administration | | | | | 27,531 |
| National Endowment for the Arts | | | | | |
| 45.024 | National String Project Consortium - flow through | Promotion of the Arts - Grants to Organizations and Individuals | | SDSU | 3,261 |
| 45.025 | National Endowment for the Arts | Promotion of the Arts - Partnership Agreements | | Tourism | 751,542 |
| Total National Endowment for the Arts | | | | | 754,803 |
| National Endowment for the Humanities | | | | | |
| 45.129 | South Dakota Humanities Council - flow through | Promotion of the Humanities - Federal/State Partnership | 4025 | SDSU | 2,348 |
| 45.129 | South Dakota Humanities Council - flow through | Promotion of the Humanities - Federal/State Partnership | 3010 | SDSU | 2,932 |
| 45.129 | South Dakota Humanities Council - flow through | Promotion of the Humanities - Federal/State Partnership | 4024 | SDSU | 2,000 |
| 45.129 | South Dakota Humanities Council - flow through | Promotion of the Humanities - Federal/State Partnership | 4031 | SDSU | 4,500 |
| 45.149 | National Endowment for the Humanities | Promotion of the Humanities - Division of Preservation and Access - National Digital Newspaper Program | PJ-50136-14 | Tourism | 96,889 |
| 45.149 | National Endowment for the Humanities | Promotion of the Humanities - Division of Preservation and Access | | USD | 6,000 |
| Total National Endowment for the Humanities | | | | | 114,669 |
| National Science Foundation | | | | | |
| 47.049 | Case Western Reserve University - flow through | Mathematical and Physical Sciences - Case Western Reserve University contract | 500028814 | Science and Technology Authority | 1,194 |
| 47.050 | National Science Foundation | Geosciences - Kliche D NSF Collab OLC OEDG | 1107495 | SDSMT | 33,803 |

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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|--|--|--|--------------------|--------------|--|
| National Science Foundation (continued) | | | | | |
| 47.076 | National Science Foundation | Education and Human Resources | DUE-1148666 | SDSU | 137,452 |
| 47.076 | National Science Foundation | Education and Human Resources | DUE-0733691 | SDSU | 404 |
| 47.076 | National Science Foundation | Education and Human Resources | | USD | 3,064 |
| 47.076 | National Science Foundation | Education and Human Resources - Dakota Defenders Information Assurance Scholarship Program | | DSU | 63,161 |
| 47.076 | National Science Foundation | Education and Human Resources | DUE-1044419 | SDSU | 12,196 |
| Total National Science Foundation | | | | | 251,274 |
| Research and Development Cluster | | | | | |
| 10.001 | Agricultural Research Service | Agricultural Research - Basic and Applied Research | 58-3080-5-002 | SDSU | 15,513 |
| 10.001 | Agricultural Research Service | Agricultural Research - Basic and Applied Research | 59-0206-4-003 | SDSU | 62,961 |
| 10.001 | Agricultural Research Service | Agricultural Research - Basic and Applied Research | 59-5447-3-001 | SDSU | 81,756 |
| 10.001 | Agricultural Research Service | Agricultural Research - Basic and Applied Research | 58-5430-0-341 | SDSU | 110 |
| 10.001 | Agricultural Research Service | Agricultural Research - Basic and Applied Research | 59-5428-0-322 | SDSU | 15,357 |
| 10.001 | Agricultural Research Service | Agricultural Research - Basic and Applied Research | 58-5440-2-310 | SDSU | 16,811 |
| 10.001 | Agricultural Research Service | Agricultural Research - Basic and Applied Research | 58-5409-4-007 | SDSU | 18,037 |
| 10.001 | Agricultural Research Service | Agricultural Research - Basic and Applied Research | 59-0206-4-005 | SDSU | 19,534 |
| 10.001 | Agricultural Research Service | Agricultural Research - Basic and Applied Research | 59-0206-4-039 | SDSU | 20,939 |
| 10.001 | Agricultural Research Service | Agricultural Research - Basic and Applied Research | 59-0200-3-005 | SDSU | 21,323 |
| 10.001 | Agricultural Research Service | Agricultural Research - Basic and Applied Research | 59-0206-4-004 | SDSU | 46,906 |
| 10.001 | Agricultural Research Service | Agricultural Research - Basic and Applied Research | 58-3080-5-001 | SDSU | 14,876 |
| 10.025 | Animal and Plant Health Inspection Service | Plant and Animal Disease, Pest Control, and Animal Care | 13-9419-0310-CA | SDSU | 11,711 |
| 10.11-JV-11221632-189 | Forest Service | Forestry Research | 11-JV-11221632-189 | SDSU | 30,478 |
| 10.12-JV-11221632-141 | Forest Service | Forestry Research | 12-JV-11221632-141 | SDSU | 6,315 |
| 10.14-JV-11221632-048 | Agricultural Research Service | Agricultural Research - Basic and Applied Research | 14-JV-11221632-048 | SDSU | 22,225 |
| 10.156 | Agricultural Marketing Service | Federal-State Marketing Improvement Program | 12-25-G-1513 | SDSU | 7,560 |
| 10.200 | National Institute of Food and Agriculture | Grants for Agricultural Research, Special Research Grants | 2010-34473-21533 | SDSU | 366 |

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| Research and Development Cluster (continued) | | | | | |
| 10.200 | Board of Trustees of Michigan State University - flow through | Grants for Agricultural Research, Special Research Grants | RC101980SDSU, 2012-39571-20296 | SDSU | 27,613 |
| 10.200 | Iowa State University - flow through | Grants for Agricultural Research Special Research Grants | 416-40-930; 2012-38500-19550 (P) | SDSU | 1,200 |
| 10.200 | Board of Trustees of Michigan State University - flow through | Grants for Agricultural Research, Special Research Grants | RC103016B; 2013-34383-21032 | SDSU | 18,061 |
| 10.202 | National Institute of Food and Agriculture | Cooperative Forestry Research | | SDSU | 274,026 |
| 10.203 | National Institute of Food and Agriculture | Payments to Agricultural Experiment Stations Under the Hatch Act | 415-49-02 | SDSU | 1,862,663 |
| 10.206 | National Institute of Food and Agriculture | Grants for Agricultural Research - Competitive Research Grants | 2009-55215-05460 | SDSU | 13,720 |
| 10.207 | National Institute of Food and Agriculture | Animal Health and Disease Research | | SDSU | 692 |
| 10.215 | University of Minnesota - flow through | Sustainable Agriculture Research and Education | H001911519, LNC10-326 | SDSU | 34,017 |
| 10.215 | University of Minnesota - flow through | Sustainable Agriculture Research and Education | H004403714; 2014-38640-22156(P) | SDSU | 666 |
| 10.215 | University of Minnesota - flow through | Sustainable Agriculture Research and Education | H002484819; GNC12-148 | SDSU | 1,064 |
| 10.215 | University of Minnesota - flow through | Sustainable Agriculture Research and Education | H002484831; 2011-38640-30539(P) | SDSU | 4,164 |
| 10.215 | University of Minnesota - flow through | Sustainable Agriculture Research and Education | H003040120; 2012-38640-19545 | SDSU | 2,958 |
| 10.215 | University of Minnesota - flow through | Sustainable Agriculture Research and Education | H003679420; 2013-38640-20901(P) | SDSU | 2,099 |
| 10.215 | University of Minnesota - flow through | Sustainable Agriculture Research and Education | H003679418; 2013-38640-20901-(P) | SDSU | 2,227 |
| 10.215 | University of Minnesota - flow through | Sustainable Agriculture Research and Education | H002484808 | SDSU | 27,535 |
| 10.219 | National Institute of Food and Agriculture | Biotechnology Risk Assessment Research | 2013-33522-21097 | SDSU | 158,869 |
| 10.227 | Fort Berthold Community College - flow through | 1994 Institutions Research Program | 2011-38424-30653 | SDSU | 25,690 |

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| Research and Development Cluster (continued) | | | | | |
| 10.227 | Oglala Lakota College - flow through | 1994 Institutions Research Program - Oglala Lakota College "Genetic Integrity of Tribal Bison" | 2011-38424-30914 | BHSU | 17,261 |
| 10.227 | Oglala Lakota College - flow through | 1994 Institutions Research Program - Oglala Lakota College "Genetic Integrity of Tribal Bison" | 2010-AG2010-001-SDSU | SDSU | 12,733 |
| 10.250 | Economic Research Service | Agricultural and Rural Economic Research, Cooperative Agreements and Collaborations | 58-4000-2-0113 | SDSU | 3,218 |
| 10.253 | Economic Research Service | Food Assistance and Nutrition Research Programs (FANRP) | 58-4000-3-0028 | SDSU | 13,040 |
| 10.303 | Board of Trustees of Michigan State University - flow through | Integrated Programs | RC102887E; 2013-51150-20935(P) | SDSU | 998 |
| 10.303 | National Institute of Food and Agriculture | Integrated Programs | 2014-51130-22593 | SDSU | 66,460 |
| 10.303 | National Institute of Food and Agriculture | Integrated Programs | 2009-51130-06014 | SDSU | 27,742 |
| 10.304 | National Institute of Food and Agriculture | Homeland Security Agricultural | 2012-37620-19803 | SDSU | 6,980 |
| 10.307 | University Of Illinois - flow through | Organic Agriculture Research and Extension Initiative | 2014-06469-02-00:2014513002223 | SDSU | 49,510 |
| 10.309 | Cornell University - flow through | Specialty Crop Research Initiative | 64188-9742; 2011-51181-30635(P) | SDSU | 124,183 |
| 10.309 | Cornell University - flow through | Specialty Crop Research Initiative | 64094-9755; 2011-51181-30850(P) | SDSU | 38,762 |
| 10.310 | National Institute of Food and Agriculture | Agriculture and Food Research Initiative (AFRI) | 2011-67009-20030 | SDSU | 43,747 |
| 10.310 | National Institute of Food and Agriculture | Agriculture and Food Research Initiative (AFRI) | 2010-65504-20372 | SDSMT | 38,462 |
| 10.310 | National Institute of Food and Agriculture | Agriculture and Food Research Initiative (AFRI) | 2012-67016-19507 | SDSU | 26,156 |
| 10.310 | National Institute of Food and Agriculture | Agriculture and Food Research Initiative (AFRI) | 2014-67013-21567 | SDSU | 103,164 |
| 10.310 | National Institute of Food and Agriculture | Agriculture and Food Research Initiative (AFRI) | 2014-67024-21821 | SDSU | 23,325 |
| 10.310 | National Institute of Food and Agriculture | Agriculture and Food Research Initiative (AFRI) | 2010-85117-20589 | SDSU | 2,121 |

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| Research and Development Cluster (continued) | | | | | |
| 10.310 | National Institute of Food and Agriculture | Agriculture and Food Research Initiative (AFRI) | 2010-85112-20510 | SDSU | 3,328 |
| 10.310 | National Institute of Food and Agriculture | Agriculture and Food Research Initiative (AFRI) | 2014-67016-22162 | SDSU | 10,000 |
| 10.310 | National Institute of Food and Agriculture | Agriculture and Food Research Initiative (AFRI) | 2011-67010-20051 | SDSU | 9,506 |
| 10.310 | Kansas State University - flow through | Agriculture and Food Research Initiative (AFRI) | S13022: 2012-68001-19619(P) | SDSU | 90,178 |
| 10.310 | National Institute of Food and Agriculture | Agriculture and Food Research Initiative (AFRI) | 2012-67012-19831 | SDSU | 48,491 |
| 10.310 | Kansas State University - flow through | Agriculture and Food Research Initiative (AFRI) | S11206, 2011-68001-30100 | SDSU | 100,832 |
| 10.310 | Iowa State University - flow through | Agriculture and Food Research Initiative (AFRI) | 416-40-63E, 20011-68002-30190 | SDSU | 190,414 |
| 10.310 | National Institute of Food and Agriculture | Agriculture and Food Research Initiative (AFRI) | 2011-67009-30076 | SDSU | 327,320 |
| 10.310 | National Institute of Food and Agriculture | Agriculture and Food Research Initiative (AFRI) | 2013-69004-20401 | SDSU | 526,340 |
| 10.310 | Virginia Polytechnic Institute and State University - flow through | Agriculture and Food Research Initiative (AFRI) | 422262-19845; 201168004-30104P | SDSU | 14,940 |
| 10.310 | Ohio State University Foundation - flow through | Agriculture and Food Research Initiative (AFRI) | 60033944, 2012-67019-19394 | SDSU | 18,320 |
| 10.310 | Regents of the University of California - flow through | Agriculture and Food Research Initiative (AFRI) | 201015718-26; 2011-68002-30029 | SDSU | 22,978 |
| 10.310 | North Dakota State University - flow through | Agriculture and Food Research Initiative (AFRI) | FAR-0017317-3, 2011-68004-3005 | SDSU | 266,446 |
| 10.310 | North Dakota State University - flow through | Agriculture and Food Research Initiative (AFRI) | FAR0018564;2012-67018-30186(P) | SDSU | 26,661 |
| 10.310 | National Institute of Food and Agriculture | Agriculture and Food Research Initiative (AFRI) | 2011-67002-30202 | SDSU | 880,724 |
| 10.310 | University Of Tennessee/Knoxville - flow through | Agriculture and Food Research Initiative (AFRI) | A15-0169-S002 | SDSU | 69,608 |

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| Research and Development Cluster (continued) | | | | | |
| 10.310 | University of Maine System - flow through | Agriculture and Food Research Initiative (AFRI) | UM-S880, 2012-68001-19605 (PR) | SDSU | 53,249 |
| 10.310 | Iowa State University - flow through | Agriculture and Food Research Initiative (AFRI) | 416-40-37B;2014-67003-21772(P) | SDSU | 66,860 |
| 10.310 | Texas A and M University - flow through | Agriculture and Food Research Initiative (AFRI) | 99-S120213, 2012-67013-19346 | SDSU | 11,096 |
| 10.320 | National Institute of Food and Agriculture | Sun Grant Program | 2010-38502-21861 | SDSU | 406,912 |
| 10.320 | National Institute of Food and Agriculture | Sun Grant Program | 2013-38502-21424 | SDSU | 131,348 |
| 10.320 | National Institute of Food and Agriculture | Sun Grant Program | 2014-38502-22598 | SDSU | 2,962 |
| 10.327 | University of Nebraska Lincoln - flow through | Common Bean Productivity Research for Global Food Security Competitive Program | 25-6235-0206-002;2012-39571-20 | SDSU | 30,619 |
| 10.446 | Mississippi State University - flow through | Rural Community Development Initiative (B) | 018000-340452-21; RBS1039(Prime) | SDSU | 14,043 |
| 10.450 | Risk Management Agency | Crop Insurance | 4500017020 | SDSU | 25,247 |
| 10.479 | Food Safety And Inspection Service | Food Safety Cooperative Agreements | FSIS-C-23-2013 | SDSU | 39,648 |
| 10.479 | Food Safety And Inspection Service | Food Safety Cooperative Agreements | FSIS-C-23-2012 | SDSU | 31,262 |
| 10.479 | Food Safety And Inspection Service | Food Safety Cooperative Agreements | FSIS-C-23-2014 | SDSU | 36,568 |
| 10.479 | Food Safety And Inspection Service | Food Safety Cooperative Agreements | FSIS-C-23-2011 | SDSU | 75 |
| 10.500 | North Central Region Water Network - flow through | Cooperative Extension Service | 2015 SEED FUNDING | SDSU | 5,261 |
| 10.652 | Forest Service | Forestry Research | 11-CA-11330136-098 | SDSU | 8,576 |
| 10.652 | Forest Service | Forestry Research | 14-CA-11330136-015 | SDSU | 39,783 |
| 10.912 | Natural Resources Conservation Service | Environmental Quality Incentives Program | 65-6740-14-045 | SDSU | 9,383 |
| 10.912 | Natural Resources Conservation Service | Environmental Quality Incentives Program | 69-3A75-13-90 | SDSU | 171,154 |

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| Research and Development Cluster (continued) | | | | | |
| 10.912 | Natural Resources Conservation Service | Environmental Quality Incentives Program | 65-6740-11-18 | SDSU | 16,409 |
| 10.912 | Natural Resources Conservation Service | Environmental Quality Incentives Program | 65-6740-11-10 | SDSU | 6,715 |
| 10.912 | North Dakota State University - flow through | Environmental Quality Incentives Program | FAR-0020783, 69-3A75-12-185 | SDSU | 130,695 |
| 10.912 | Natural Resources Conservation Service | Environmental Quality Incentives Program | 69-3A75-11-174 | SDSU | 273,216 |
| 10.912 | Natural Resources Conservation Service | Environmental Quality Incentives Program | NRCS 65-6740-13-021 | SDSU | 27 |
| 11.431 | Purdue University - flow through | Climate and Atmospheric Research | N00014-11-C-0446 | SDSMT | 25,997 |
| 11.432 | University System of Maryland - flow through | National Oceanic and Atmospheric Administration (NOAA) Cooperative Institutes | 16711-Z7813006, NA14NES4320003 | SDSU | 161,802 |
| 11.440 | University System of Maryland - flow through | National Oceanic and Atmospheric Administration - Research in Remote Sensing of the Earth and Environment | Z763709 | SDSU | 65,628 |
| 12.000 | Worcester Polytechnic Institute - flow through | Worcester Polytechnic Institute - flow through | W911NF-10-2-0098 | SDSMT | 163,494 |
| 12.114 | Department of the Army, Office of the Chief of Engineers | Collaborative Research and Development - Missouri River Flood Effects | W912HZ-12-2-0009 | USD | 385,198 |
| 12.14-S7600-0023-C1 | Universal Technology Corporation - flow through | Research in Expedient Waste Reduction and Waste to Energy Technologies | 14-S7600-0023-C1 | SDSMT | 72,733 |
| 12.300 | Office of the Chief of Naval Research | Basic and Applied Scientific Research | | SDSMT | 21,606 |
| 12.300 | Department of the Navy, Office of the Chief of Naval Research | Basic and Applied Scientific Research - Genetic Strategies | | USD | 2,669 |
| 12.300 | Department of the Navy, Office of the Chief of Naval Research | Basic and Applied Scientific Research | N00014-12-1-0347 | SDSMT | 81,253 |
| 12.300 | Purdue University - flow through | Basic and Applied Scientific Research | IP# 11097943 | SDSMT | 18,778 |
| 12.300 | Armament Research Development and Engineering Center - flow through | Basic and Applied Scientific Research - ARDEC Nanomaterials | W15QKN-06-D-0006 | SDSMT | 15,076 |
| 12.300 | Department of the Navy, Office of the Chief of Naval Research | Basic and Applied Scientific Research | N00244-12-2-0007 | SDSMT | 140,806 |

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| Research and Development Cluster (continued) | | | | | |
| 12.300 | Department of the Navy, Office of the Chief of Naval Research | Basic and Applied Scientific Research - Novel Separation Technologies for Recovering Manganese from Process Streams | N00014-12-1-0618 | SDSMT | 124,535 |
| 12.300 | Department of the Navy, Office of the Chief of Naval Research | Basic and Applied Scientific Research | N00014-12-1-0908 | SDSMT | 22,298 |
| 12.351 | Defense Threat Reduction Agency - Flow through | Basic Scientific Research - Combating Weapons of Mass Destruction | HDTRA1-14-1-0050 | SDSMT | 55,044 |
| 12.4000100770 | Oak Ridge National Laboratory - flow through | UT Battelle/ SDSMT Electroforming for the MAJORANA Demonstrator | 4000100770 | SDSMT | 127,107 |
| 12.420 | U.S. Army Medical Command | Military Medical Research and Development - Neural and Behavioral Correlates of PTSD and Alcohol Use | | USD | 38,370 |
| 12.420 | U.S. Army Medical Command | Military Medical Research and Development | W81XWH-12-2-0123 | SDSU | 69,264 |
| 12.431 | HF Webster, Inc. - flow through | Basic Scientific Research | CONTRACTOR AGREEMENT 11/07/14 | SDSMT | 353,418 |
| 12.431 | Worcester Polytechnic Institute - flow through | Basic Scientific Research | W911NF-10-2-0098 / 15-215456-00-00 | SDSMT | 254,286 |
| 12.431 | University of Alabama at Birmingham - flow through | Basic Scientific Research | W911NF-10-2-0025 | SDSMT | 570,775 |
| 12.431 | Office of the Secretary of Defense | Basic, Applied, and Advanced Research in Science and Engineering - Marteny Multi-Utility Materials | W911NF-08-2-0022 | SDSMT | 165,012 |
| 12.431 | Army National Laboratory - flow through | Basic Scientific Research | W911NF-14-2-0095 | SDSMT | 216,199 |
| 12.519994 | National Security Agency | NSA Cyber Security IPA | PO 519994 | DSU | 71,864 |
| 12.630 | Academy of Applied Science - flow through | Basic, Applied, and Advanced Research in Science and Engineering | 14-36 & 14-36A | SDSMT | 3,814 |
| 12.64DA195976 | Desert Research Institute - flow through | InSAR Analysis of Aquifer-System Response to Pumping in the Indian Wells Valley, California (Phase 1) | 64DA195976 | SDSMT | 19,626 |
| 12.800 | Purdue University from Penn State - flow through | Air Force Defense Research Sciences Program | 4104-62553 | SDSMT | 16,111 |
| 12.800 | Georgia Institute of Technology - flow through | Air Force Defense Research Sciences Program | RB267-G6, FA9550-10-1-0555 | SDSU | 52,613 |
| 12.902 | National Security Agency | Information Security Grant Program | | DSU | 31,224 |

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| Research and Development Cluster (continued) | | | | | |
| 12.910 | Advanced Research Projects Agency | Research and Technology Development - Airborne Charge and Electric Field Mapping System | 5491-156-DA-1C | SDSMT | 4,721 |
| 12.FA4819-14-C-0004 | Department of the Air Force | Basic Expeditionary Airfield Resources (BEAR) Energy Saving Technologies (BEAR-EST) | FA4819-14-C-0004 | SDSMT | 757,283 |
| 12.FA4819-14-C-0005 | Eaton Corporation - flow through | Prototype for Basic Expeditionary Airfield Resources (BEAR) System for Load & Installation Management (BSLIM) | FA4819-14-C-0005 | SDSMT | 263,520 |
| 12.UNKNOWN | Pueblo Economic Development Corporation (PEDCO) - flow through | Defense | Agreement dated 05/04/13 | SDSMT | 66,511 |
| 12.UNKNOWN | HF Webster, Inc. - flow through | OSD Mantech Cold Spray Robotics and Control Systems Proposal | Agreement Dated 06/12/12 | SDSMT | 33,526 |
| 12.W9128F-10-M-E013 | Department of the Army, Office of the Chief of Engineers | Missouri River Survey and Salvage | W9128F-10-M-E013 | SDSMT | 333 |
| 12.W9128F-14-M-E010 | Department of the Army, Office of the Chief of Engineers | Paleontological Work for Fort Randall | W9128F-14-M-E010 | SDSMT | 14,117 |
| 12.W912HZ-10-2-0050 | Department of the Army, Office of the Chief of Engineers | Sundareshwar USACE CESU Kootenai | W912HZ-10-2-0050 | SDSMT | 26,312 |
| 14.525 | University of Colorado Boulder - flow through | Transformation Initiative Research Grants: Demonstration and Related Small Grants | H-21651RG | SDSMT | 3,182 |
| 15.224 | Bureau of Land Management | Cultural Resource Management | L14AC00269 | SDSMT | 1,615 |
| 15.252 | Office of Surface Mining | Abandoned Mine Land Reclamation (AMLR) Program | G-6888-1 | SDSMT | 52,515 |
| 15.252 | Office of Surface Mining | Abandoned Mine Land Reclamation (AMLR) Program | L11AC20309 | SDSMT | 3,437 |
| 15.511 | Bureau of Reclamation | Cultural Resources Management | R10AC60040 | SDSMT | 2,983 |
| 15.608 | The Nature Conservancy - flow through | Fish and Wildlife Management Assistance | 0364-0001 | SDSU | 208 |
| 15.611 | North Dakota Department Of Game Fish And Parks - flow through | Wildlife Restoration and Basic Hunter Education | E-XII, W-67-R | SDSU | 54,453 |
| 15.611 | North Dakota Department Of Game Fish And Parks - flow through | Wildlife Restoration and Basic Hunter Education | | SDSU | 189,414 |
| 15.634 | Nebraska Game And Parks Commission - flow through | State Wildlife Grants | SA-1-2012-0004 | SDSU | 14,119 |

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| Research and Development Cluster (continued) | | | | | |
| 15.634 | North Dakota Department Of Game Fish And Parks - flow through | State Wildlife Grants | T-36-R | SDSU | 24,447 |
| 15.637 | Fish and Wildlife Service | Migratory Bird Joint Ventures (B,C) | F14AP00463 | SDSU | 13,542 |
| 15.650 | Fish and Wildlife Service | Research Grants (Generic) | F14AC01179 | SDSU | 5,067 |
| 15.650 | Fish and Wildlife Service | Research Grants (Generic) | F12AC01423, 0020013192 | SDSU | 35,331 |
| 15.650 | Fish and Wildlife Service | Research Grants (Generic) - Biological Assessments to Evaluate Agricultural Tile Drainage Exposure and Effects within Madison Wetland Management District | | USD | 18,490 |
| 15.657 | Illinois Dept of Natural Resources - flow through | Endangered Species Conservation - Development of Mass Rearing Protocols to facilitate population augmentation for Hines Emerald Dragonfly in Illinois. | | USD | 29,738 |
| 15.669 | Fish and Wildlife Service | Cooperative Landscape Conservation | F12AC00501, 20009320 | SDSU | 21,273 |
| 15.805 | Geological Survey | Assistance to State Water Resources Research Institutes | G11AP20106 | SDSU | 58,373 |
| 15.808 | Geological Survey | U.S. Geological Survey - Research and Data Collection | | SDSU | 46,431 |
| 15.808 | Geological Survey | U.S. Geological Survey - Research and Data Collection | G13AC00187 | SDSMT | 42,532 |
| 15.808 | Geological Survey | U.S. Geological Survey - Research and Data Collection | G14AC00370 | SDSU | 264,791 |
| 15.812 | Geological Survey | Cooperative Research Units Program | G12AC20282, RWO 108 | SDSU | 39,241 |
| 15.812 | Geological Survey | Cooperative Research Units Program | G12AC20021, WO 106 | SDSU | 47,546 |
| 15.812 | Geological Survey | Cooperative Research Units Program | G13AC00031, RWO 110 | SDSU | 55,725 |
| 15.812 | Geological Survey | Cooperative Research Units Program | G12AC20295, RWO 109 | SDSU | 63,659 |
| 15.812 | Geological Survey | Cooperative Research Units Program | G14AC00327 | SDSU | 32,886 |
| 15.812 | Geological Survey | Cooperative Research Units Program | G14AC00239 | SDSU | 11,108 |
| 15.812 | Geological Survey | Cooperative Research Units Program | G14AC00037 | SDSU | 74,687 |

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| Research and Development Cluster (continued) | | | | | |
| 15.812 | Geological Survey | Cooperative Research Units Program | G11AC20394 | SDSU | 95,375 |
| 15.815 | Americaview Inc - flow through | National Land Remote Sensing - Education Outreach and Research | AV13-SD01; G14AP00002 (P) | SDSU | 28,023 |
| 15.820 | Americaview Inc - flow through | National Climate Change and Wildlife Service Center | G-28580-1, G11AC20461 | SDSU | 2,181 |
| 15.944 | National Park Service | Natural Resource Stewardship | P14AC01000 | SDSMT | 3,774 |
| 15.945 | National Park Service | Cooperative Research and Training Programs – Resources of the National Park System | H6000110100/P14AC0 0630 | SDSMT | 5,786 |
| 15.945 | National Park Service | Cooperative Research and Training Programs – Resources of the National Park System - Bow Creek Amphibian Research | P13AC00959 | USD | 27,359 |
| 15.945 | National Park Service | Cooperative Research and Training Programs – Resources of the National Park System - Create Virtual Missouri National Recreational River Water Trail E-Float | | USD | 10,215 |
| 15.945 | University of Minnesota - flow through | Cooperative Research and Training Programs – Resources of the National Park System - Assess genetic diversity, ecological niches, and climate change | | USD | 13,096 |
| 15.945 | Geological Survey | Cooperative Research and Training Programs – Resources of the National Park System | P13AC00504/H600011 0100 | SDSMT | 4,603 |
| 16.560 | National Institute of Justice | National Institute of Justice Research, Evaluation, and Development Project Grants | 2014-IJ-CX-K088 | SDSU | 67,201 |
| 20.205 | Cambridge Systematics, Inc - flow through | Highway Planning and Construction | SA2014-09 | SDSU | 24,228 |
| 20.205 | State of Wisconsin - flow through | Highway Planning and Construction | 0092-15-03 | SDSU | 7,929 |
| 20.566K591 | University Of Wisconsin/Madison - flow through | University Of Wisconsin/Madison - flow through | 566K591 | SDSU | 4,414 |
| 20.600 | Illinois State Toll Highway - flow through | State and Community Highway Safety - Evaluation of the endangered Hine's emerald dragonfly in the Des Plaines River Valley | I-05-7724 | USD | 205,091 |
| 20.701 | Mississippi State University - flow through | University Transportation Centers Program | 061300.363277.06 | SDSU | 26,295 |

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| Research and Development Cluster (continued) | | | | | |
| 20.701 | Mississippi State University - flow through | University Transportation Centers Program | 061300.363277.05 | SDSU | 24,358 |
| 20.701 | North Dakota State University - flow through | University Transportation Centers Program | FAR0019952 | SDSU | 208,020 |
| 20.701 | North Dakota State University - flow through | University Transportation Centers Program | DTRT12-G-UTC08 (PR) | SDSU | 44,625 |
| 20.761 | Research and Innovation Technology Administration | Biobased Transportation Research | DTOS59-07-G-00054 | SDSU | 935,930 |
| 43.001 | National Aeronautics and Space Administration | Science - Aerospace Education Services Program | NNX15AF74G | SDSU | 60,604 |
| 43.001 | National Aeronautics and Space Administration | Science | NNX11AP79H | SDSU | 4,413 |
| 43.001 | National Aeronautics and Space Administration | Science | NNX13AN58H | SDSU | 29,353 |
| 43.001 | National Aeronautics and Space Administration | Science | NNX11AB89G | SDSU | 115,241 |
| 43.001 | University of Massachusetts - flow through | Science - Aerospace Education Services Program | S20140000018700 | SDSU | 3,111 |
| 43.001 | National Aeronautics and Space Administration | Science | NNX11AH99G | SDSU | 103,659 |
| 43.001 | National Aeronautics and Space Administration | Science | NNX14AD56G | SDSU | 230,376 |
| 43.001 | National Aeronautics and Space Administration | Science | NNX13AK50G | SDSU | 154,497 |
| 43.001 | National Aeronautics and Space Administration | Science | NNX12AQ88G | SDSU | 5,083 |
| 43.001 | National Aeronautics and Space Administration | Science | NNX12AI13A | SDSMT | 103,705 |
| 43.001 | National Aeronautics and Space Administration | Science | NNX13AP46G | SDSU | 715,652 |
| 43.001 | National Aeronautics and Space Administration | Science | NNX12AM89G | SDSU | 389,562 |
| 43.001 | National Aeronautics and Space Administration | Science - Aerospace Education Services Program | NNX14AQ48G | SDSU | 52,778 |

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| Research and Development Cluster (continued) | | | | | |
| 43.001 | National Aeronautics and Space Administration | Science - Aerospace Education Services Program | NNX14AL23H | SDSU | 22,619 |
| 43.001 | University System of Maryland - flow through | Science - Aerospace Education Services Program | 17890-Z6914001, NNX14AP70A | SDSU | 8,738 |
| 43.001 | National Aeronautics and Space Administration | Science - Aerospace Education Services Program | NNX14AJ32G | SDSU | 166,605 |
| 43.001 | National Aeronautics and Space Administration | Science - Aerospace Education Services Program | NNX14AJ69G | SDSU | 208,000 |
| 43.001 | National Aeronautics and Space Administration | Science | NNX13AJ24A | SDSU | 589,070 |
| 43.001 | University System of Maryland - flow through | Science - Aerospace Education Services Program | 14656-Z6880002, NNX14AI68G | SDSU | 16,336 |
| 43.001 | National Aeronautics and Space Administration | Science - Aerospace Education Services Program | NNX14AI37A | SDSU | 156,903 |
| 43.002 | National Aeronautics and Space Administration | Aeronautics | NNX14AC48A | SDSMT | 4,516 |
| 43.008 | University of Idaho - flow through | Education | FPK004-SB-002 | SDSMT | 13,909 |
| 43.008 | National Aeronautics and Space Administration | Education | NNX12AB176 | SDSMT | 138,953 |
| 43.008 | National Aeronautics and Space Administration | Education | NNX11AM03A | SDSMT | 155,540 |
| 43.008 | National Aeronautics and Space Administration | Education | NNX12AM63H | SDSMT | 10,215 |
| 43.008 | National Aeronautics and Space Administration | Education | NNX13AD31A | SDSMT | 196,728 |
| 43.008 | National Aeronautics and Space Administration | Education | NNX13AB25A | SDSMT | 132,683 |
| 43.008 | National Aeronautics and Space Administration | Education | NNX14AN22A | SDSMT | 123,259 |
| 43.008 | National Aeronautics and Space Administration | Education | NNX14AR52A | SDSMT | 96,623 |
| 43.008 | National Aeronautics and Space Administration | Education | | SDSMT | 85,650 |

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| Research and Development Cluster (continued) | | | | | |
| 43.009 | National Aeronautics and Space Administration | Cross Agency Support | NNX10AJ58A | SDSMT | 3,392 |
| 43.NNX09AP67A | National Aeronautics and Space Administration | Research Grants for the Space Program - Development of an Advanced Photovoltaic Materials Research Cluster in South Dakota | NNX09AP67A | SDSMT | 11,246 |
| 43.NNX09AU83A | National Aeronautics and Space Administration | Research Grants for the Space Program - Improved Thermal Management Systems using Advanced Materials and Fluids | NNX09AU83A | SDSMT | 1,105 |
| 43.NNX10AL27H | National Aeronautics and Space Administration | South Dakota Space Grant Consortium | NNX10AL27H | SDSMT | 412,716 |
| 43.NNX10AN34A | National Aeronautics and Space Administration | Enhanced Raman Detection of Minerals, Microbes, and Biomarkers through the Development of Advance Plasmonic Nanomaterials | NNX10AN34A | SDSMT | 129,172 |
| 43.UNKNOWN | Jet Propulsion Lab - flow through | Masterlark CIT JPL NASA Roses | 1468758 | SDSMT | 80,447 |
| 45.129 | South Dakota Humanities Council - flow through | Promotion of the Humanities - Federal/State Partnership | 3235 | SDSU | 1,600 |
| 45.301 | Institute of Museum and Library Services | Museums for America | MA-30-13-0500-13 | SDSMT | 34,848 |
| 47.041 | National Science Foundation | Engineering Grants | CBET-1336202 | SDSMT | 29,874 |
| 47.041 | National Science Foundation | Engineering Grants | 1462389 | SDSU | 17,313 |
| 47.041 | National Science Foundation | Engineering Grants | | SDSMT | 44,413 |
| 47.041 | National Science Foundation | Engineering Grants | ECCS-1310562 | SDSMT | 56,458 |
| 47.041 | National Science Foundation | Engineering Grants | CMMI-1436850 | SDSMT | 73,236 |
| 47.041 | National Science Foundation | Engineering Grants | CBET-1338167 | SDSMT | 388,460 |
| 47.041 | National Science Foundation | Engineering Grants | ECCS-1102356 | SDSU | 42,007 |
| 47.041 | National Science Foundation | Engineering Grants | ECCS-1408486 | SDSU | 28,347 |
| 47.041 | National Science Foundation | Engineering Grants | EEC-1263388 | SDSU | 27,442 |
| 47.041 | National Science Foundation | Engineering Grants | ECCS-0950731 | SDSU | 115,662 |
| 47.041 | National Science Foundation | Engineering Grants - Complete Print-Read-Decode Prototype for RGB Upconvering Inks | IIP-1414211 | USD | 106,285 |
| 47.041 | National Science Foundation | Engineering Grants | DGE-1417537 | SDSU | 12,690 |
| 47.041 | National Science Foundation | Engineering Grants | CMMI - 1431372 | SDSMT | 76,325 |

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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| Research and Development Cluster (continued) | | | | | |
| 47.041 | National Science Foundation | Engineering Grants | EEC-1263343 | SDSMT | 112,805 |
| 47.041 | National Science Foundation | Engineering Grants | EEC-1359476 | SDSMT | 87,874 |
| 47.041 | National Science Foundation | Engineering Grants | CMMI-1063263 | SDSU | 11,208 |
| 47.041 | National Science Foundation | Engineering Grants | IIP-0832549 | SDSMT | 3,751 |
| 47.041 | National Science Foundation | Engineering Grants | ECCS-1310400 | SDSMT | 24,003 |
| 47.041 | National Science Foundation | Engineering Grants | EEC-1439704 | SDSMT | 17,102 |
| 47.041 | Black Hills Nanosystems, Inc. - flow through | Engineering Grants | BH NANOCORP-SDSMT 14-17 | SDSMT | 30,789 |
| 47.041 | National Science Foundation | Engineering Grants | CBET-1133951 | SDSU | 22,344 |
| 47.041 | National Science Foundation | Engineering Grants | CBET-1428992 | SDSU | 24,569 |
| 47.041 | National Science Foundation | Engineering Grants - Shende NSF PRE Hydrogen Generation | 1134570 | SDSMT | 21,091 |
| 47.041 | National Science Foundation | Engineering Grants - REU Site: Security Printing and Anti-Counterfeiting Technology | | USD | 21,200 |
| 47.041 | National Science Foundation | Engineering Grants | 1126848 | SDSMT | 1,613 |
| 47.041 | Small Business Innovation Research - Flow through | Engineering Grants | Nanofiber Sep-SDSMandT 14-12 | SDSMT | 28,681 |
| 47.049 | National Science Foundation | Mathematical and Physical Sciences - REU Site: Weak chemical bonds yield strong research experiences in Materials Chemistry at the University of South Dakota | | USD | 45,832 |
| 47.049 | University of Notre Dame - flow through | Mathematical and Physical Sciences - Physics Educ and Interdiscip Res "QuarkNet" | MOU 9-8-09 | BHSU | 9,402 |
| 47.049 | University of Minnesota - flow through | Mathematical and Physical Sciences - Integrative Simulation Tools for Underground Science | | USD | 29,459 |
| 47.049 | University of Minnesota - flow through | Mathematical and Physical Sciences | PHY-1242640 / A003122906 | SDSMT | 15,362 |
| 47.049 | Case Western - flow through | Mathematical and Physical Sciences | RES507395 | SDSMT | 48,369 |
| 47.049 | University of Minnesota - flow through | Mathematical and Physical Sciences - University of Minnesota Prime Award#NSF PHY 1344266 | A003778902 | Science and Technology Authority | 28,682 |

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| Research and Development Cluster (continued) | | | | | |
| 47.049 | North Dakota State University - flow through | Mathematical and Physical Sciences - Theoretical Insights into Chemical Functionalization of Carbon Nanotubes from Chirality Separation to Photoexcited Dynamics | | USD | 11,724 |
| 47.049 | National Science Foundation | Mathematical and Physical Sciences - Rational design of Perfluoroalkylated N- and S-Containing Heteroaromatics for Engineering High Performance Air-stable OFET Materials with Lamellar pi-pi Stacked Structure | CHE-1355677 | USD | 50,666 |
| 47.049 | National Science Foundation | Mathematical and Physical Sciences | DMR-1157074 | SDSMT | 81,973 |
| 47.049 | National Science Foundation | Mathematical and Physical Sciences | PHY-1205898 | SDSMT | 99,624 |
| 47.049 | National Science Foundation | Mathematical and Physical Sciences | DMR-1337586 | SDSMT | 284,858 |
| 47.049 | National Science Foundation | Mathematical and Physical Sciences | 1461092 | SDSU | 407 |
| 47.049 | National Science Foundation | Mathematical and Physical Sciences - The Northern Plains Research Education Undergraduate Site | | USD | 52,388 |
| 47.049 | National Science Foundation | Mathematical and Physical Sciences | DMS-1156906 | SDSU | 62,923 |
| 47.049 | National Science Foundation | Mathematical and Physical Sciences - MRI-Acquisition: 400 MHz NMR Spectrometer including PFG/HRMAS for Materials Chemistry Research: The Missing Instrument | | USD | 2,432 |
| 47.049 | National Science Foundation | Mathematical and Physical Sciences - Education and Outreach Planning DUSEL | PHY-0970160 | BHSU | 301,543 |
| 47.049 | National Science Foundation | Mathematical and Physical Sciences - CAREER: Biomimetic Metal-Organic Super-Containers | | USD | 137,981 |
| 47.049 | National Science Foundation | Mathematical and Physical Sciences | | SDSMT | 1,200 |
| 47.049 | National Science Foundation | Mathematical and Physical Sciences | | SDSMT | 32,877 |
| 47.049 | National Science Foundation | Mathematical and Physical Sciences | DMR-1229577 | SDSU | 2,449 |
| 47.049 | National Science Foundation | Mathematical and Physical Sciences - Nuclear Astrophysics "SNO+ and DArTPC" | PHY-0903335 | BHSU | 96,582 |
| 47.049 | National Science Foundation | Mathematical and Physical Sciences - Field-Emission Scanning Electron Microscope with Elemental Analysis Capability for Enhancing Materials Research | CHE-1337707 | USD | 213,983 |
| 47.049 | National Science Foundation | Mathematical and Physical Sciences | DMR-1206908 | SDSMT | 70,507 |
| 47.050 | National Science Foundation | Geosciences | AGS-1339469 | SDSMT | 114,900 |

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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| Research and Development Cluster (continued) | | | | | |
| 47.050 | National Science Foundation | Geosciences - Helsdon NSF Lightning Analysis | 1048103 | SDSMT | 133,014 |
| 47.050 | National Science Foundation | Geosciences | EAR-1316082 | SDSMT | 92,911 |
| 47.050 | National Science Foundation | Geosciences | OCE-1128754 | SDSU | 49,891 |
| 47.050 | National Science Foundation | Geosciences | EAR-1264288 | SDSMT | 26,093 |
| 47.050 | Consortium for Ocean Leadership - flow through | Geosciences | OCE - 0652315 | SDSMT | 2,497 |
| 47.070 | National Science Foundation | Computer and Information Science and Engineering - MRI: Acquisition of Equipment to Establish Mobile Testing Infrastructure for BYOD Research and Education | | DSU | 33,356 |
| 47.070 | National Science Foundation | Computer and Information Science and Engineering - MRI: Acquisition of an Online Banking System for Information Assurance Research | | DSU | 105,347 |
| 47.070 | National Science Foundation | Computer and Information Science and Engineering - NSF RET Site in Cyber Security - D.Xu | | DSU | 106,694 |
| 47.070 | National Science Foundation | Computer and Information Science and Engineering - CC*IE Networking Infrastructure: Science DMZ for Campus Bridging and Computationally Assisted Research | | USD | 470,567 |
| 47.070 | National Science Foundation | Computer and Information Science and Engineering - AF: Small: Collaborative Research: Efficient Groebner Basis Computation in Boolean Rings for Temporal Logic Reasoning and Model Checking | | USD | 816 |
| 47.070 | National Science Foundation | Computer and Information Science and Engineering - CCF-1018322 | CCF-1018322 | SDSMT | 13,414 |
| 47.070 | National Science Foundation | Computer and Information Science and Engineering - CNS-1249364 | CNS-1249364 | SDSMT | 28,288 |
| 47.070 | National Science Foundation | Computer and Information Science and Engineering - ACI-1440622 | ACI-1440622 | SDSU | 493,640 |
| 47.070 | National Science Foundation | Computer and Information Science and Engineering | | SDSMT | 21,481 |
| 47.074 | National Science Foundation | Biological Sciences - Integrating the BioExtract Server with iPlant Collaborative | | USD | 90,590 |
| 47.074 | National Science Foundation | Biological Sciences - Mechanisms of Seasonal Phenotypic Flexibility in Passerine Birds | | USD | 43,922 |
| 47.074 | National Science Foundation | Biological Sciences | 24036082-01 | SDSMT | 454 |
| 47.074 | National Science Foundation | Biological Sciences | IOS-1350189 | SDSU | 33,608 |

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| Research and Development Cluster (continued) | | | | | |
| 47.074 | National Science Foundation | Biological Sciences - Phenotype Ontology Research Coordination Network | | USD | 37,861 |
| 47.074 | National Science Foundation | Biological Sciences - The role of isolation in species diversification from the California Channel Islands | | USD | 1,530 |
| 47.074 | National Science Foundation | Biological Sciences - Disruption to cortical dopamine systems following adolescent social stress | IOS-1257679 | USD | 129,309 |
| 47.074 | National Science Foundation | Biological Sciences - Endocannabinoid Modulation of Nociceptive Synapses | | USD | 4,559 |
| 47.074 | National Science Foundation | Biological Sciences | IOS-1021382 | SDSU | 84,546 |
| 47.074 | National Science Foundation | Biological Sciences - Division of Environmental Biology - "CAREER: Polyploid speciation in the Achillea millefolium aggregate" | DEB-1464471 | BHSU | 114,783 |
| 47.074 | University of Colorado-Denver - flow through | Biological Sciences - Neural Mechanisms Underlying an Aggressive Syndrome in Stalk-Eyed Flies | | USD | 48,797 |
| 47.074 | National Science Foundation | Biological Sciences - Ontology-enabled reasoning across phenotypes from evolution and model organisms | | USD | 215,216 |
| 47.074 | Carnegie Institution - flow through | Biological Sciences | 6-1054803, IOS-1340050 | SDSU | 59,742 |
| 47.074 | National Science Foundation | Biological Sciences | DEB-1342721 | SDSMT | 71,125 |
| 47.074 | National Science Foundation | Biological Sciences | DEB-1349240 | SDSU | 51,634 |
| 47.074 | National Science Foundation | Biological Sciences | EF-1114881 | SDSU | 48,813 |
| 47.074 | National Science Foundation | Biological Sciences | DBI-1349212 | SDSMT | 41,989 |
| 47.074 | National Science Foundation | Biological Sciences | IOS-1446886 | SDSU | 90,359 |
| 47.074 | National Science Foundation | Biological Sciences | IOS-1051397 | SDSU | 97,185 |
| 47.074 | National Science Foundation | Biological Sciences | DBI-0953561 | SDSU | 97,638 |
| 47.074 | National Science Foundation | Biological Sciences | DBI-1263335 | SDSU | 114,561 |
| 47.074 | National Science Foundation | Biological Sciences | DEB-1139096 | SDSU | 37,202 |
| 47.074 | National Science Foundation | Biological Sciences | EF-1340583 | SDSU | 175,449 |
| 47.074 | National Science Foundation | Biological Sciences | DEB-1010465 | SDSU | 203,276 |
| 47.075 | National Science Foundation | Social, Behavioral, and Economic Sciences - EAGER: The Creation and Classroom Application of a Web Portal for Social Science Methods Education | | USD | 27,917 |

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| Research and Development Cluster (continued) | | | | | |
| 47.075 | National Science Foundation | Social, Behavioral, and Economic Sciences - Metabolic Mechanisms of Intertemporal Choice, Delay Discounting, and Impulsiveness | | USD | 90,922 |
| 47.076 | National Science Foundation | Education and Human Resources | DUE-1439789 | SDSU | 39,795 |
| 47.076 | National Science Foundation | Education and Human Resources | DGE-1347458 | SDSMT | 39,169 |
| 47.076 | National Science Foundation | Education and Human Resources | HRD-1037708 | SDSU | 202,369 |
| 47.076 | National Science Foundation | Education and Human Resources - Course Curriculum and Laboratory Improvement CCLI - Radioactivity by Inquiry for College Science Courses | DUE-0942699 | BHSU | 17,782 |
| 47.076 | National Science Foundation | Education and Human Resources | HRD-1037797 | SDSMT | 140,535 |
| 47.076 | National Science Foundation | Education and Human Resources - SFS Cyber Corp General Renewal | | DSU | 112,341 |
| 47.076 | Michigan Technological University - flow through | Education and Human Resources | 080336Z8 | SDSMT | 15,087 |
| 47.076 | Cornell University - flow through | Education and Human Resources | 62760-10178; DRL-114525 (P) | SDSU | 11,345 |
| 47.076 | Salish Kootenai College - flow through | Education and Human Resources | MOU dated 05/02/12 | SDSMT | 12,150 |
| 47.076 | National Science Foundation | Education and Human Resources - Culture and Attitude--Innovative Partnerships for Success | DUE-0850309 | SDSMT | 152,004 |
| 47.076 | National Science Foundation | Education and Human Resources - Information Assurance Faculty Development | | DSU | 92,187 |
| 47.076 | National Science Foundation | Education and Human Resources - SFS Cyber Corp Sch Renewal | | DSU | 791,146 |
| 47.076 | National Science Foundation | Education and Human Resources - Gen Cyber | | DSU | 959 |
| 47.076 | National Science Foundation | Education and Human Resources - Tiospaye In Engineering | DUE-0807218 | SDSMT | 87 |
| 47.076 | National Science Foundation | Education and Human Resources - Division of Research on Learning "DRK-12 STEM" | DRL-1158615 | BHSU | 523,436 |
| 47.076 | National Science Foundation | Education and Human Resources - Research on Learning in Formal and Informal Settings "Expanding Pathways into Computer Science" | DRL-1441080 | BHSU | 25,944 |
| 47.076 | National Science Foundation | Education and Human Resources - EAGER | DUE-1256472 | SDSMT | 36,407 |
| 47.076 | National Science Foundation | Education and Human Resources | DUE-1260101 | SDSMT | 124,128 |

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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| Research and Development Cluster (continued) | | | | | |
| 47.076 | National Science Foundation | Education and Human Resources - Tiospaye in Science | DUE-0966365 | SDSMT | 97,050 |
| 47.076 | National Science Foundation | Education and Human Resources | DGE-0903685 | USD | 518,346 |
| 47.076 | National Science Foundation | Education and Human Resources | DGE-1356106 | SDSU | 23,510 |
| 47.078 | National Science Foundation | Polar Programs | ANT-1043508 | SDSU | 20,668 |
| 47.078 | National Science Foundation | Polar Programs | ARC-1203533 | SDSU | 95,987 |
| 47.079 | National Science Foundation | Office of International Science and Engineering - Workshop on underground science applications of germanium-based detectors and technologies | | USD | 58,717 |
| 47.079 | National Science Foundation | Office of International Science and Engineering | OISE-1004010 | SDSU | 55 |
| 47.079 | National Science Foundation | Office of International Science and Engineering | IIA-1330842 | SDSU | 1,043,375 |
| 47.079 | National Science Foundation | Office of International Science and Engineering | IIA-1355423 | SDSU | 2,166,660 |
| 47.081 | National Science Foundation | Office of Experimental Program to Stimulate Competitive Research | EPS-0903804 | SDSU | 1,324,307 |
| 47.082 | National Science Foundation | ARRA - Trans-NSF Recovery Act Research Support - Collaborative Renewal Proposal: NSF Center for Friction Stir Welding IUCRC | IIP-0934383 | SDSMT | 4,961 |
| 66.460 | South Dakota Grassland Coalition - flow through | Nonpoint Source Implementation Grants | | SDSU | 8,289 |
| 66.460 | South Dakota Discovery Center and Aquarium - flow through | Nonpoint Source Implementation Grants | | SDSU | 7,677 |
| 66.UNKNOWN | Forest Service | Extent of off-site uranium contamination from Custer National Forest abandoned uranium mine sites | 06-JV-11015600-019 | SDSMT | 5,088 |
| 81.049 | Energy | Office of Science Financial Assistance Program - Addressing Basic Research needs for Solar Energy Utilization | | USD | 948 |
| 81.049 | Energy | Office of Science Financial Assistance Program | | SDSMT | 39,187 |
| 81.049 | Energy | Office of Science Financial Assistance Program - Crystal Growth and Detector Development at Homestake for DUSEL Experiments | | USD | 221,966 |
| 81.049 | Olympic Research, Inc. - flow through | Office of Science Financial Assistance Program | RESEARCH AGREEMENT #15-08 | SDSMT | 31,097 |
| 81.049 | RESPEC, Inc. - flow through | Office of Science Financial Assistance Program | TASK ORDER NO. 2 | SDSMT | 49,788 |

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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| Research and Development Cluster (continued) | | | | | |
| 81.049 | State University of New York - flow through | Office of Science Financial Assistance Program - Tailoring Spin and Magnetism in Quantum Dots | R694039 | SDSMT | 26,115 |
| 81.087 | Energy | Renewable Energy Research and Development | DE-FC36-05GO85041 | SDSU | 1,571,427 |
| 81.087 | Energy | Renewable Energy Research and Development | DE-FG36-08GO88073 | SDSU | 877,332 |
| 81.087 | University of Houston - flow through | Renewable Energy Research and Development | DE-EE0006711 / R-15-0008 | SDSMT | 80,448 |
| 81.094 | American Indian and Science Engineering Society - flow through | American Indian Research and Education Initiative | Contract for Services dated 4/10/12 | SDSMT | 4,553 |
| 81.4000110644 | UT-Battelle, LLC, Oak Ridge, TN - flow through | Oak Ridge National Laboratory-UT-Battelle "Cleaning of Components of Majorana Demonstrator" | 4000110644 Cost Type Subcontract | BHSU | 5,912 |
| 81.400013648 | UT-Battelle, LLC, Oak Ridge, TN - flow through | SDSM&T Electroforming for the MAJORANA Demonstrator | 4000136483 | SDSMT | 120,431 |
| 81.606630 | Energy | Long Baseline Neutrino Experiment far detector | 606630 | SDSMT | 278 |
| 81.DE-AC02-05CH11231 | University of California - flow through | Commission Detector System for Radon Emanation Measurements for LZ | DE-AC02-05CH11231/7208257 | SDSMT | 56,730 |
| 81.UNKNOWN | Sandia National Lab - flow through | Korde Sandia USDOE WEC | 1442444 | SDSMT | 1,181 |
| 81.UNKNOWN | UT-Battelle, LLC, Oak Ridge, TN - flow through | Basic Energy Sciences University and Science Education - Majorana Demonstrator Project | | USD | 340 |
| 84.396 | Ohio State University - flow through | ARRA - State Fiscal Stabilization Fund - Investing in Innovation Fund - Reading Recovery: Scaling Up What Works | | USD | 198,334 |
| 93.103 | Food and Drug Administration | Food and Drug Administration - Research | 1U18FD004618-01 | SDSU | 18,623 |
| 93.103 | Food and Drug Administration | Food and Drug Administration - Research | 1U18FD004300-01 | SDSU | 4,404 |
| 93.103 | Food and Drug Administration | Food and Drug Administration - Research | U18FD005010 | SDSU | 93,388 |
| 93.121 | University of Massachusetts-Lowell - flow through | Oral Diseases and Disorders Research - Rechargeable Dental Waterline Tubing | | USD | 18,873 |
| 93.134 | Hennepin Healthcare System Inc - flow through | Grants to Increase Organ Donations | 10011; 1R39OT24207-01 (P) | SDSU | 7,650 |
| 93.134 | Hennepin Healthcare System Inc - flow through | Grants to Increase Organ Donations | 10002, 1 R39OT24207-01 | SDSU | 26,651 |
| 93.200-2014-59613 | Centers for Disease Control and Prevention | Numerical Modeling of Gas Emissions and Cave Ventilation in Block Caving Mines | 200-2014-59613 | SDSMT | 142,363 |

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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| Research and Development Cluster (continued) | | | | | |
| 93.228 | Indian Health Service | Indian Health Service - Health Management Development Program | HHSI241 | USD | 100,515 |
| 93.231 | Great Plains Tribal Chairmen's Health Board - flow through | Epidemiology Cooperative Agreements | 2007 PRAMS | SDSU | 34,931 |
| 93.231 | Great Plains Tribal Chairmen's Health Board - flow through | Epidemiology Cooperative Agreements | PRAMS 2014 | SDSU | 35,424 |
| 93.242 | National Institutes of Health | Mental Health Research Grants - Amygdalar Orexin Modulation of Affective Disorders | | USD | 22,140 |
| 93.262 | Centers for Disease Control and Prevention | Occupational Safety and Health Program | P004312502 | SDSMT | 9,989 |
| 93.273 | National Institutes of Health | Alcohol Research Programs - Traumatic Stress and Alcohol Problems: Between and Within- Person Associations | | USD | 375,841 |
| 93.279 | National Institutes of Health | Drug Abuse and Addiction Research Programs - Adolescent social stress, cortical dopamine and drug susceptibility | | USD | 70,392 |
| 93.279 | National Institutes of Health | Drug Abuse and Addiction Research Programs - Summer Program for Undergraduate Research in Addiction | 1R25DA033674 | USD | 73,004 |
| 93.279 | National Institutes of Health | Drug Abuse and Addiction Research Programs - Research of Neural sensitivity to stress during drug withdrawal | | USD | 253,356 |
| 93.283 | Black Hills Special Services Cooperative - flow through | Centers for Disease Control and Prevention - Investigations and Technical Assistance | | SDSU | 2,925 |
| 93.307 | Sanford Research Foundation - flow through | Minority Health and Health Disparities Research - Assessing the Impact of lay patient advocate training in tribal communities | SR-2014-20 | USD | 62,478 |
| 93.307 | National Institutes of Health | Minority Health and Health Disparities Research - EXPORT Project | | USD | 1,256,424 |
| 93.307 | Sanford Research Foundation - flow through | Minority Health and Health Disparities Research - Determinants of Care and Life Quality in American Indian Women with Cervical Cancer | SR-2014-21 | USD | 64,908 |
| 93.359 | Sanford Research - flow through | Nurse Education, Practice Quality and Retention Grants | HSD-2014-001-01 | SDSU | 12,588 |
| 93.389 | Sanford Research - flow through | National Center for Research Resources - Cancer Biology Research Center | | USD | 40,419 |

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| Research and Development Cluster (continued) | | | | | |
| 93.395 | National Institutes of Health | Cancer Treatment Research - Anti-progestin Therapy for Ovarian Cancer | | USD | 122,654 |
| 93.837 | National Institutes of Health | Cardiovascular Diseases Research - Parasympathetic Dysfunction in Obesity: Effect of Cholesterol on VACHT | 1R15 HL118696 | USD | 148,603 |
| 93.837 | National Institutes of Health | Cardiovascular Diseases Research - Direct proteasomal enhancement contributes to PKG-triggered cardioprotection | | USD | 56,623 |
| 93.837 | National Institutes of Health | Cardiovascular Diseases Research - The COP9 Signalingosome in the Heart | | USD | 256,705 |
| 93.837 | Loyola University Chicago - flow through | Cardiovascular Diseases Research | 1R01HL097106-01A2 | SDSU | 359,746 |
| 93.837 | National Institutes of Health | Cardiovascular Diseases Research - Molecular pathogenesis of protein surplus cardiomyopathy | | USD | 306,252 |
| 93.846 | University of Massachusetts-Lowell - flow through | Arthritis Musculoskeletal and Skin Diseases Research - Orthopedic Implant materials with bacteria-resistant and osteogenic functions | S51110000023970 | USD | 54,439 |
| 93.853 | National Institutes of Health | Extramural Research Programs in the Neurosciences and Neurological Disorders - Neuronal Pathways Underlying In Vitro Motor Learning | | USD | 216,295 |
| 93.853 | National Institutes of Health | Extramural Research Programs in the Neurosciences and Neurological Disorders - Studies of the Therapeutic Role of IU1 in a Mouse Model of Ischemic Stroke | R03NS084340 | USD | 73,977 |
| 93.853 | National Institutes of Health | Extramural Research Programs in the Neurosciences and Neurological Disorders - Mechanisms of motor recovery after subtotal brain injury | | USD | 8,281 |
| 93.853 | National Institutes of Health | Extramural Research Programs in the Neurosciences and Neurological Disorders - Modeling Pathogenesis of Huntington's disease using patient-derived induced pluripotent stem cells free of viral and transgenic insertions | | USD | 2,120 |
| 93.855 | National Institutes of Health | Allergy and infectious Diseases Research | 1R21AI107379-01A1 | SDSU | 178,231 |
| 93.855 | DFH Pharma Inc - flow through | Allergy and infectious Diseases Research | DFHPSA01 | SDSU | 8,832 |
| 93.855 | Vanderbilt University - flow through | Allergy and infectious Diseases Research | VUMC53850; R01AI095346 (P) | SDSU | 10,154 |

STATE OF SOUTH DAKOTA
Schedule of Expenditures of Federal Awards by Federal Department
For the Fiscal Year Ended June 30, 2015

| CFDA Number | Federal Agency | Program | Contract Number | State Agency | Expenditures/ Disbursements/ Issuances |
|---|---|--|--|--------------|--|
| Research and Development Cluster (continued) | | | | | |
| 93.855 | National Institutes of Health | Allergy and infectious Diseases Research - Role of influenza-induced prothrombosis in Streptococcus pyogenes superinfections | | USD | 114,258 |
| 93.855 | National Institutes of Health | Allergy and infectious Diseases Research | IR15AI089690-01A1 | SDSU | 85,312 |
| 93.855 | National Institutes of Health | Allergy and infectious Diseases Research - Chlamydial lipid acquisition and host response | | USD | 173,860 |
| 93.855 | National Institutes of Health | Allergy and infectious Diseases Research | 1R01AI079411-01 | SDSU | 384,167 |
| 93.859 | National Institutes of Health | Biomedical Research and Research Training - Biomedical Technology -BRIN (Biomedical Research Infrastructure Network) for SD | | USD | 1,164,778 |
| 93.859 | University of Minnesota - flow through | Biomedical Research and Research Training - Genetic Functions of an R Factor | | USD | 11,320 |
| 93.859 | National Institutes of Health | Biomedical Research and Research Training | 1F32GM105277-01 | SDSU | 12,642 |
| 93.859 | National Institutes of Health | Biomedical Research and Research Training | R15GM107197 | SDSU | 43,719 |
| 93.859 | Sanford Research - flow through | Biomedical Research and Research Training - Mortalin-2 recruits CHIP E3 ubiquitin ligase to degrade p53 in colon cancer | | USD | 10,817 |
| 93.859 | Sanford Research - flow through | Biomedical Research and Research Training - Peritoneal Ovarian Cancer Dormancy | | USD | 10,000 |
| 93.859 | New York University School of Medicine - flow through | Biomedical Research and Research Training | 14-A0-00-002587-01 Project 103769; P50GM107632 (p) | SDSU | 138,201 |
| 93.865 | National Institutes of Health | Child Health and Human Development Extramural Research | 1R21HD080143-01A1 | SDSU | 3,826 |
| 93. UNKNOWN | Polaris Health Directions - flow through | Mental Health Research Grants - College Outcomes Management System | | USD | 1,220 |
| 97.061 | Kansas State University - flow through | Centers for Homeland Security | S13037 | SDSU | 6,662 |
| 97.061 | Kansas State University - flow through | Centers for Homeland Security | S13036, 2010-ST-061-AG0001-02 | SDSU | 27,966 |
| 98.001 | Agency for International Development | USAID Foreign Assistance for Programs Overseas | PGA-2000003663 | SDSU | 47,455 |
| 98.001 | Colorado State University - flow through | USAID Foreign Assistance for Programs Overseas | G-9650-22: EEM-A-00-10-00001(P | SDSU | 345,515 |

STATE OF SOUTH DAKOTA
Schedule of Expenditures of Federal Awards by Federal Department
For the Fiscal Year Ended June 30, 2015

| CFDA Number | Federal Agency | Program | Contract Number | State Agency | Expenditures/ Disbursements/ Issuances |
|--|--|--|------------------|---|--|
| Total Research and Development Cluster | | | | | 44,734,429 |
| School Improvement Grants Cluster | | | | | |
| 84.377 | Office of Elementary and Secondary Education | School Improvement Grants | | Education | 691,446 |
| 84.388 | Office of Elementary and Secondary Education | ARRA - School Improvement Grants | | Education | 372,298 |
| Total School Improvement Grants Cluster | | | | | 1,063,744 |
| Section 8 Project-Based Cluster | | | | | |
| 14.182 | Housing | Section 8 New Construction and Substantial Rehabilitation | | Housing Development Authority | 24,099,736 |
| Total Section 8 Project-Based Cluster | | | | | 24,099,736 |
| Small Business Administration | | | | | |
| 59.037 | Small Business Administration | Small Business Development Center | | USD | 627,518 |
| 59.043 | Small Business Administration | Women's Business Ownership Assistance - Renewal | 4605001EZ0018 | BHSU | 98,387 |
| 59.043 | Small Business Administration | Women's Business Ownership Assistance - Women's Business Center Program (I-2009) | 9202400Z0117-01 | BHSU | 28,353 |
| 59.058 | Small Business Administration | Federal and State Technology (FAST) Partnership Program | SBAHQ-13-G-0007 | Governor's Office of Economic Development | 59,606 |
| 59.061 | Small Business Administration | State Trade and Export Promotion Program (STEP Program) | SBAHQ-12-IT-0034 | Agriculture | 5,952 |
| Total Small Business Administration | | | | | 819,816 |
| SNAP Cluster | | | | | |
| 10.551 | Food and Nutrition Service | Supplemental Nutrition Assistance Program (Note 3F) | | Social Services | 147,260,202 |
| 10.561 | Food and Nutrition Service | State Administrative Matching Grants for the Supplemental Nutrition Assistance Program | | Social Services | 8,790,198 |
| Total SNAP Cluster | | | | | 156,050,400 |

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

STATE OF SOUTH DAKOTA
Schedule of Expenditures of Federal Awards by Federal Department
For the Fiscal Year Ended June 30, 2015

| CFDA Number | Federal Agency | Program | Contract Number | State Agency | Expenditures/ Disbursements/ Issuances |
|---|---|---|-----------------|------------------------------|--|
| Social Security Administration | | | | | |
| 96.008 | Social Security Administration | Social Security - Work Incentives Planning and Assistance Program | | Human Services | 92,565 |
| Total Social Security Administration | | | | | 92,565 |
| Special Education Cluster (IDEA) | | | | | |
| 84.027 | Office of Special Education and Rehabilitative Services | Special Education - Grants to States (IDEA, Part B) | | Education | 31,972,405 |
| 84.173 | Office of Special Education and Rehabilitative Services | Special Education - Preschool Grants (IDEA Preschool) | | Education | 1,358,778 |
| Total Special Education Cluster (IDEA) | | | | | 33,331,183 |
| Student Financial Assistance Cluster | | | | | |
| 84.007 | Office of Federal Student Aid | Federal Supplemental Educational Opportunity Grants (SEOG) | | USD/BHSU/DSU/NSU/SD SMT/SDSU | 1,404,354 |
| 84.033 | Office of Federal Student Aid | Federal Work-Study Program | | USD/BHSU/DSU/NSU/SD SMT/SDSU | 2,276,942 |
| 84.038 | Office Of Student Financial Assistance Programs | Federal Perkins Loans - Federal Capital Contributions (Notes 3E and 3G) | | SDSU/USD/BHSU/DSU/NSU/SDSMT | 26,186,584 |
| 84.063 | Office of Federal Student Aid | Federal Pell Grant Program | | SDSU/USD/BHSU/DSU/NSU/SDSMT | 32,041,085 |
| 84.268 | Office of Federal Student Aid | Federal Direct Student Loans (Note 3H) | | USD/BHSU/DSU/NSU/SD SMT/SDSU | 170,530,823 |
| 84.379 | Office of Federal Student Aid | Teacher Education Assistance for College and Higher Education Grants (TEACH Grants) | | BHSU/DSU/NSU/SDSU/USD | 396,553 |
| 93.264 | Health Resources and Services Administration | Nurse Faculty Loan Program (NFLP) (Note 3G) | | SDSU | 745,385 |
| 93.342 | Health Resources and Services Administration | Health Professions Student Loans, Including Primary Care Loans/Loans for Disadvantaged Students (Note 3G) | | SDSU/USD | 9,042,485 |
| 93.364 | Health Resources and Services Administration | Nursing Student Loans (Note 3G) | | SDSU/USD | 2,285,641 |
| Total Student Financial Assistance Cluster | | | | | 244,909,852 |

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

STATE OF SOUTH DAKOTA
Schedule of Expenditures of Federal Awards by Federal Department
For the Fiscal Year Ended June 30, 2015

| CFDA Number | Federal Agency | Program | Contract Number | State Agency | Expenditures/ Disbursements/ Issuances |
|--|--|--|-------------------|-----------------------------|--|
| TANF Cluster | | | | | |
| 93.558 | Administration for Children and Families | Temporary Assistance for Needy Families | | Social Services | 20,099,064 |
| Total TANF Cluster | | | | | 20,099,064 |
| Transit Services Programs Cluster | | | | | |
| 20.513 | Federal Transit Administration | Enhanced Mobility of Seniors and Individuals with Disabilities | | Transportation | 1,231,779 |
| 20.516 | Federal Transit Administration | Job Access and Reverse Commute - JARC | | Transportation | 396,754 |
| 20.521 | Federal Transit Administration | New Freedom Program | | Transportation | 88,887 |
| Total Transit Services Programs Cluster | | | | | 1,717,420 |
| Transportation | | | | | |
| 20.106 | Federal Aviation Administration | Airport Improvement Program (Note 3K) | 0510692 | Transportation | 27,089,133 |
| 20.218 | Federal Motor Carrier Safety Administration | National Motor Carrier Safety | | Public Safety | 951,262 |
| 20.232 | Federal Motor Carrier Safety Administration | Commercial Drivers License Program Improvement Grant | | Public Safety | 301,086 |
| 20.237 | Federal Motor Carrier Safety Administration | Commercial Vehicle Information Systems and Networks - Safety Data Improvement Program | IT064601G00000 | Transportation | 184,744 |
| 20.505 | Federal Transit Administration | Federal Transit - Metropolitan Transportation Planning | | Transportation | 36,426 |
| 20.509 | Federal Transit Administration | Formula Grants for Rural Areas | | Transportation | 6,673,165 |
| 20.607 | National Highway Traffic Safety Administration | Alcohol Open Container Requirements | | Public Safety | 961,897 |
| 20.608 | National Highway Traffic Safety Administration | Minimum Penalties for Repeat Offenders for Driving While Intoxicated | | Public Safety | 2,138,893 |
| 20.614 | National Highway Traffic Safety Administration | National Highway Traffic Safety Administration (NHTSA) Discretionary Safety Grants - State Support of the Fatal Accident Reporting System (FARS) | DTNH22-92-Y-07045 | Public Safety | 24,780 |
| 20.700 | Pipeline and Hazardous Materials Safety Administration | Pipeline Safety Program Base Grants | | Public Utilities Commission | 203,370 |
| 20.703 | Pipeline and Hazardous Materials Safety Administration | Interagency Hazardous Materials Public Sector Training and Planning Grants | | Public Safety | 134,975 |

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

STATE OF SOUTH DAKOTA
Schedule of Expenditures of Federal Awards by Federal Department
For the Fiscal Year Ended June 30, 2015

| CFDA Number | Federal Agency | Program | Contract Number | State Agency | Expenditures/ Disbursements/ Issuances |
|-------------------------------|--------------------------------------|---|--------------------|-------------------------------|--|
| Total Transportation | | | | | 38,699,731 |
| Treasury | | | | | |
| 21.UNKNOWN | NeighborWorks America - flow through | National Foreclosure Mitigation Counseling | | Housing Development Authority | 55,170 |
| Total Treasury | | | | | 55,170 |
| TRIO Cluster | | | | | |
| 84.042 | Office of Postsecondary Education | TRIO - Student Support Services | | BHSU/NSU/SDSU | 795,094 |
| 84.044 | Office of Postsecondary Education | TRIO - Talent Search | | USD | 369,308 |
| 84.047 | Office of Postsecondary Education | TRIO - Upward Bound | | USD/BHSU/NSU/SDSU | 932,295 |
| Total TRIO Cluster | | | | | 2,096,697 |
| Veterans Affairs | | | | | |
| 64.005 | Veterans Health Administration | Grants to States for Construction of State Home Facilities | 4A1-46-014 | Veterans Affairs | 14,985,964 |
| 64.010 | Veterans Health Administration | Veteran Nursing Home Care | V263-13-D-0004 | USD | 442,673 |
| 64.014 | Veterans Health Administration | Veterans State Domiciliary Care (Note 3D) | | State Veterans Home | 766,736 |
| 64.015 | Veterans Health Administration | Veterans State Nursing Home Care (Note 3D) | | State Veterans Home | 2,062,065 |
| 64.125 | Veterans Benefits Administration | Vocational and Educational Counseling For Servicemembers and Veterans | V101 (223C) P-5181 | Veterans Affairs | 162,927 |
| 64.UNKNOWN | Veterans Health Administration | Veterans Administration Reporting | | BHSU | 6,842 |
| Total Veterans Affairs | | | | | 18,427,207 |
| WIA Cluster | | | | | |
| 17.258 | Employment Training Administration | Workforce Investment Act Adult Program | | Labor | 2,139,824 |
| 17.259 | Employment Training Administration | Workforce Investment Act Youth Activities | | Labor | 2,051,614 |

STATE OF SOUTH DAKOTA
Schedule of Expenditures of Federal Awards by Federal Department
For the Fiscal Year Ended June 30, 2015

| CFDA Number | Federal Agency | Program | Contract Number | State Agency | Expenditures/ Disbursements/ Issuances |
|--------------------------------|------------------------------------|--------------------------------------|-----------------|--------------|--|
| WIA Cluster (continued) | | | | | |
| 17.278 | Employment Training Administration | WIA Dislocated Worker Formula Grants | | Labor | 569,825 |
| Total WIA Cluster | | | | | 4,761,263 |
| GRAND TOTAL: | | | | | 2,331,724,157 |

LEGEND

BHSU = Black Hills State University
DSU = Dakota State University
NSU = Northern State University

SDSMT = South Dakota School of Mines and Technology
SDSU = South Dakota State University
USD = University of South Dakota

STATE OF SOUTH DAKOTA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2015

NOTE 1: Purpose of the Schedule

Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, requires a Schedule of Expenditures of Federal Awards showing total expenditures for each federal financial assistance program as identified in the Catalog of Federal Domestic Assistance (CFDA). Significant federal financial assistance programs which have not been assigned a CFDA number have also been identified.

NOTE 2: Significant Accounting Policies

- A. Reporting Entity** - The accompanying schedule includes all federal financial assistance programs administered by the State of South Dakota for the fiscal year ended June 30, 2015.
- B. Basis of Presentation** - The information in the accompanying Schedule of Expenditures of Federal Awards is presented in accordance with OMB Circular A-133.
- 1. Federal Awards** - Pursuant to the Single Audit Act Amendments of 1996 (Public Law 104-156) and OMB Circular A-133, federal award is defined as federal financial assistance and federal cost-reimbursement contracts that non-federal agencies receive directly or indirectly from federal agencies or pass-through entities. Federal financial assistance is defined as assistance that non-federal entities receive or administer in the form of grants, loans, loan guarantees, property, cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations and other assistance. Accordingly, non-monetary federal assistance, including vaccines and food commodities, is included in federal financial assistance and, therefore, is reported on the schedule of expenditures of federal awards. Federal financial assistance does not include direct federal cash assistance to individuals.
 - 2. Type A and Type B Programs** - The Single Audit Act Amendments of 1996 and OMB Circular A-133 establish the levels of expenditures or expenses to be used in defining Type A and Type B federal financial assistance programs. Type A programs for the State of South Dakota are those which equal or exceeded \$6,995,000 in expenditures / disbursements / issuances for the fiscal year ended June 30, 2015. Type B programs for the State of South Dakota are those which are less than \$6,995,000 in expenditures / disbursements / issuances for the fiscal year ended June 30, 2015.
- C. Basis of Accounting** - The information presented in the Schedule of Expenditures of Federal Awards is presented on the cash basis of accounting, which is consistent with the other federal grant reports. South Dakota's basic financial statements are reported on the accrual basis and modified accrual basis of accounting and, therefore, the schedule's data may not be directly traceable to the basic financial statements.
- D. Expenditures and Expenses** - When monies are received by one state grantee agency and re-distributed (expended) to another state grantee agency (i.e. a pass-through of funds by the primary recipient state grantee agency to a sub-recipient state grantee agency), the federal financial assistance is reflected in the primary receiving/expending state grantee agency's accounts. This is to avoid duplication and the overstatement of the aggregate level of federal financial assistance expended by the State of South Dakota.

NOTE 3: Other

- A.** Commodities administered through distributing agencies totaling \$3,439,311 (\$2,566,405 under CFDA # 10.555, \$1,525 under CFDA #10.559, and \$871,381 under CFDA # 10.568) are included in the definition of expenditures of federal awards for the purpose of the accompanying schedule. Commodities are valued at the last purchase price.

- B. All federal expenditures/disbursements/issuances included in the accompanying schedule are assistance received directly from federal government or indirectly through entities from outside the State of South Dakota.
- C. As of June 30, 2015, donated federal surplus property (CFDA # 39.003) reported on the accompanying schedule totaled \$1,064,689, which represents 23.3% of the original acquisition cost of the federal surplus property received by the State. This percentage approximates the fair market value of the property at the time of distribution as determined by the General Services Administration.
- D. The amounts reported as federal expenditures for CFDA # 64.014 and 64.015 represent cash received. Federal reimbursements are based on approved rates for services provided, rather than reimbursement for specific expenditures.
- E. Perkins Loan amounts include federal, state, and program revenues. The exact portion associated with federal dollars cannot be readily determined.
- F. Electronic benefits under the Supplemental Nutrition Assistance Program (SNAP) (CFDA # 10.551) totaled \$147,260,202 and were included in the definition of federal financial assistance for the purpose of the accompanying schedule.
- G. Federally funded loan programs had the following current fiscal year disbursement and outstanding loan balances at year end:

| CFDA Number | Grant Program | Current Year | | Outstanding Loan Balance June 30, 2015 |
|----------------|--|---------------------------|----------------------|--|
| | | Administrative Expense | Loan Disbursement | |
| 66.458 | Clean Water State Revolving Fund* | \$428,053 | \$26,410,194 | \$256,214,376 |
| 66.468 | Drinking Water State Revolving Fund* | 774,979 | 19,173,741 | 142,999,224 |
| 14.239 | Home Investment Partnerships Program | 442,221 | 4,529,730 | 59,677,544 |
| 14.228 | Community Development Block Grants/State's Program | 64,660 | 163,956 | 22,474,477 |
| 84.038 | Perkins Loans Funds | 173,536 | 4,548,128 | 26,013,049 |
| 93.264 | Nurse Faculty Loan Program | - | 169,866 | 745,385 |
| 93.342 | Health Professions Student Loans/ Loans For Disadvantaged Students | - | 1,736,864 | 9,042,485 |
| 93.364 | Nursing Student Loans | - | 574,300 | 2,285,641 |

* 83.333% of the loans receivable balance is federal funds.

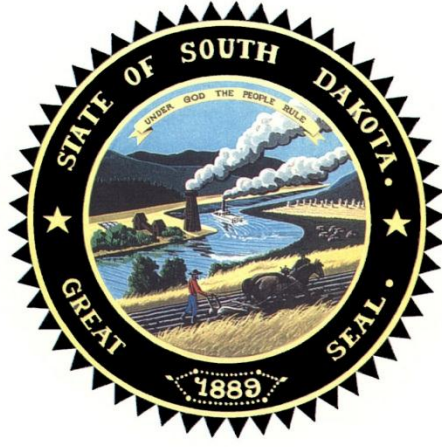
- H. Loans disbursed under the Federal Direct Student Loans program (CFDA # 84.268) and issued to parents of eligible students or eligible students attending state universities had the following values:

| | |
|---------------------------|---------------|
| Direct Subsidized Loans | \$ 54,174,848 |
| Direct Unsubsidized Loans | 96,983,796 |
| Direct PLUS Program Loans | 19,372,179 |

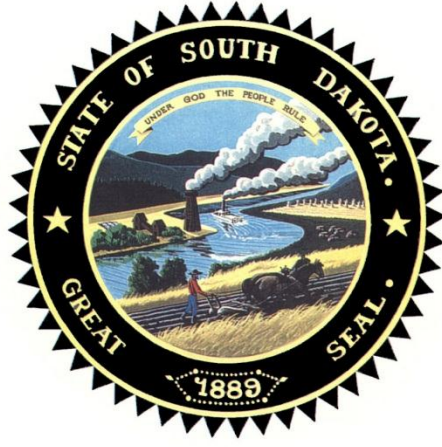
- I. The Governor's Office of Economic Development, through the Economic Development Finance Authority (EDFA), participates in the Agricultural Processing and Export (APEX) Loan Program with funds obtained from the Rural Economic and Community Development (RECD) Intermediary Relending Program (IRP) (CFDA # 10.767). The EDFA has entered into loan agreements with the RECD in the amount of \$3,000,000. The EDFA makes loans to small businesses and draws down federal funds from the loan with the RECD to cover 70% of the loans made to small businesses. As of June 30, 2015 EDFA had \$389,173 in outstanding loans.

- J. During the fiscal year ended June 30, 2015 the South Dakota Department of Health received \$3,464,820 in cash rebates from infant formula manufacturers on sales of formula to participants in the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC - CFDA #10.557). Rebate contracts with infant formula manufacturers are authorized by 7 CFR 246.16(m) as a cost containment measure. Rebates represent a reduction of expenditures previously incurred for WIC food. The rebate contract allowed the Department of Health to serve 4,378 more persons during fiscal year 2015.
- K. The South Dakota Department of Transportation acts as an agent for the various Airport Improvement Program grants (CFDA #20.106) funded through the Federal Aviation Administration. The grants are between the Federal Aviation Administration and cities, counties and airport authorities, with the South Dakota Department of Transportation's duties primarily being the processing of requests for reimbursement and the payment of contractor estimates on the smaller projects. Total reimbursements processed in fiscal year 2015 were \$27,089,133. These monies are reflected as expenditures of federal awards of the State of South Dakota.
- L. The amount included as of June 30, 2015, on the unemployment section of the schedule of expenditures of federal awards (CFDA #17.225) includes the amount of federal unemployment insurance; the amount of the State's expenditure for unemployment insurance benefits; and the amount of administrative expense as required by the US Department of Labor and the Inspector General. The amounts are \$1,492,310, \$25,040,991, and \$6,954,825 respectively.
- M. The South Dakota Department of Agriculture, through the South Dakota Value Added Finance Authority, (VAFA) participates in the United States Department of Agriculture Rural Business Cooperative Service (RBCS) Intermediary Relending Program (IRP). As of June 30, 2015, VAFA had drawn down \$1,972,831 of RBCS loan funds and had disbursed \$1,961,530 of these RBCS funds. The total value of loans issued to date as of June 30, 2015 was \$2,693,100 with total remaining loans outstanding as of June 30, 2015 equaling \$692,595.
- N. Department of Energy (DOE) programs were funded in part by Petroleum Violation Escrow (PVE) funds. These expenditures are not included in the Schedule of Expenditures of Federal Awards. PVE funds represent the State of South Dakota's share of settlement proceeds in various lawsuits between the Federal Government and oil producers. During fiscal year 2015, the South Dakota Department of Tourism had \$3,126,854 in expenditures from the trust fund in support of DOE programs and received \$577,377 in loan payments.
- O. The amount of expenditures reported for the Child Support Enforcement program (CFDA #93.563) was not reduced by the \$1,743,965 federal share of prior quarters' Title IV-A collections retained to fund the Child Support Enforcement program during the fiscal year.





***AUDITOR'S REPORTS ON
INTERNAL CONTROL AND
COMPLIANCE***



***AUDITOR'S REPORTS ON
INTERNAL CONTROL AND
COMPLIANCE***



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AUDITOR GENERAL

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Honorable Dennis Daugaard
Governor of South Dakota

and

Members of the Legislature
State of South Dakota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of South Dakota (State), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the State's basic financial statements, and have issued our report thereon dated January 22, 2016. Our report includes a reference to other auditors who audited the financial statements of the Unemployment Insurance Fund, the South Dakota Retirement System, the South Dakota Housing Development Authority, the South Dakota Ellsworth Development Authority, and certain foundations of Higher Education as described in our report on the State's financial statements. This report includes our consideration of the results of the other auditors' testing of internal control over financial reporting and compliance and other matters that are reported on separately by those other auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the State's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the State's internal control. Accordingly, we do not express an opinion on the effectiveness of the State's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying "Schedule of Findings and Questioned Costs," we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying "Schedule of Findings and Questioned Costs" as finding number 2015-007 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying "Schedule of Findings and Questioned Costs" as finding numbers 2015-001 and 2015-002 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the State's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

State's Response to Findings

The State's responses to the findings identified in our audit are described in the accompanying "Schedule of Findings and Questioned Costs." The State's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. As required by South Dakota Codified Law 4-11-11, this report is a matter of public record and its distribution is not limited.



Martin L. Guindon, CPA
Auditor General

January 22, 2016



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AUDITOR GENERAL

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR
A-133**

The Honorable Dennis Daugaard
Governor of South Dakota

and

Members of the Legislature
State of South Dakota

Report on Compliance for Each Major Federal Program

We have audited the State of South Dakota's (State's) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the State's major federal programs for the year ended June 30, 2015. The State's major federal programs are identified in the "Summary of Auditor's Results" section of the accompanying "Schedule of Findings and Questioned Costs."

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the State's major federal programs based on our audit of the types of compliance requirements referred to above.

As stated in our report on the basic financial statements, we did not audit the financial statements of the Unemployment Insurance Fund, the South Dakota Retirement System, the South Dakota Housing Development Authority, the South Dakota Ellsworth Development Authority and certain foundations of Higher Education. Those statements were audited by other auditors whose reports, including reports on compliance and internal control over compliance, have been furnished to us. Our report on the basic financial statements and this report, insofar as it relates to the amounts included for these entities and their compliance and internal control over compliance, are based solely on the reports of the other auditors.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the

State's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit and the reports of other auditors provide a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the State's compliance.

Basis for Qualified Opinion on CFDA 84.334 Gaining Early Awareness and Readiness for Undergraduate Programs

As described in the accompanying "Schedule of Findings and Questioned Costs," the State did not comply with requirements for Subrecipient Monitoring, Allowable Costs, Cost Principles, or Matching regarding CFDA 84.334, Gaining Early Awareness and Readiness for Undergraduate Programs, as described in findings 2015-003, 2015-004 and 2015-005. Compliance with such requirements is necessary, in our opinion, for the State to comply with the requirements applicable to that program.

Qualified Opinion on CFDA 84.334 Gaining Early Awareness and Readiness for Undergraduate Programs

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the State complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the CFDA 84.334 Gaining Early Awareness and Readiness for Undergraduate Programs for the year ended June 30, 2015.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, based on our audit and the reports of other auditors, the State complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying "Schedule of Findings and Questioned Costs" for the year ended June 30, 2015.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying "Schedule of Findings and Questioned Costs" as items 2015-008 and 2015-012. Our opinion on each major federal program is not modified with respect to these matters.

The State's responses to the noncompliance findings identified in our audit are described in the accompanying "Schedule of Findings and Questioned Costs." The State's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

Management of the State is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the State's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the State's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance

that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying “Schedule of Findings and Questioned Costs” as items 2015-003 and 2015-005 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying “Schedule of Findings and Questioned Costs” as items 2015-006, 2015-009, 2015-010, and 2015-011 to be significant deficiencies.

The State’s responses to the internal control over compliance findings identified in our audit are described in the accompanying “Schedule of Findings and Questioned Costs.” The State’s responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

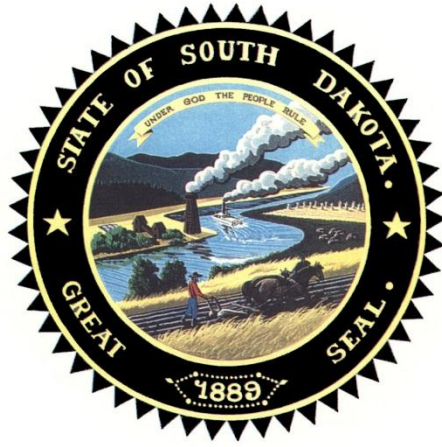
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose. As required by South Dakota Codified Law 4-11-11, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, appearing to read "Martin L. Guindon". The signature is stylized with a large, looped "M" and a cursive "Guindon".

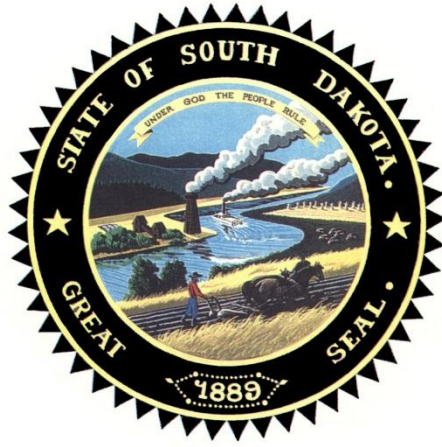
Martin L. Guindon, CPA
Auditor General

March 21, 2016





***FINDINGS, QUESTIONED
COSTS AND CORRECTIVE
ACTION PLANS***



***FINDINGS, QUESTIONED
COSTS AND CORRECTIVE
ACTION PLANS***

**State of South Dakota
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2015
Index**

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| Department of Transportation | Transportation | 2015-010 | 288 |
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Summary of State Audit Findings:

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**State of South Dakota
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2015**

**Section I
Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weaknesses identified? Yes

Significant deficiencies identified? Yes

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

Material weaknesses identified? Yes

Significant deficiencies identified? Yes

Type of auditor's report issued on compliance for major programs Unmodified for all major programs except for the Gaining Early Awareness and Readiness for Undergraduate Programs which was qualified.

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510 (a) Yes

Identification of major federal programs:

| <u>CFDA Numbers</u> | <u>Name of Federal Program or Cluster</u> |
|---------------------|---|
| | CCDF Cluster |
| | Clean Water State Revolving Fund Cluster |
| | Federal Transit Cluster |

| | |
|------------|---|
| | Highway Planning and Construction Cluster |
| | Medicaid Cluster |
| | SNAP Cluster |
| | Transit Services Programs Cluster |
| 14.239 | Home Investment Partnerships Program |
| 17.225 | Unemployment Insurance |
| 20.509 | Formula Grants for Rural Areas |
| 64.005 | Grants to States for Construction of State Home Facilities |
| 64.015 | Veterans State Nursing Home Care |
| 81.UNKNOWN | Sanford Underground Research Facility Operations Support – Lawrence Berkley National Lab contract |
| 84.334 | Gaining Early Awareness and Readiness for Undergraduate Programs |
| 93.568 | Low-Income Home Energy Assistance |
| 97.039 | Hazard Mitigation Grant |

Dollar threshold used to distinguish between Type A and Type B programs - \$6,995,000

Auditee Qualified as low-risk auditee?

No

Post - Audit Authority

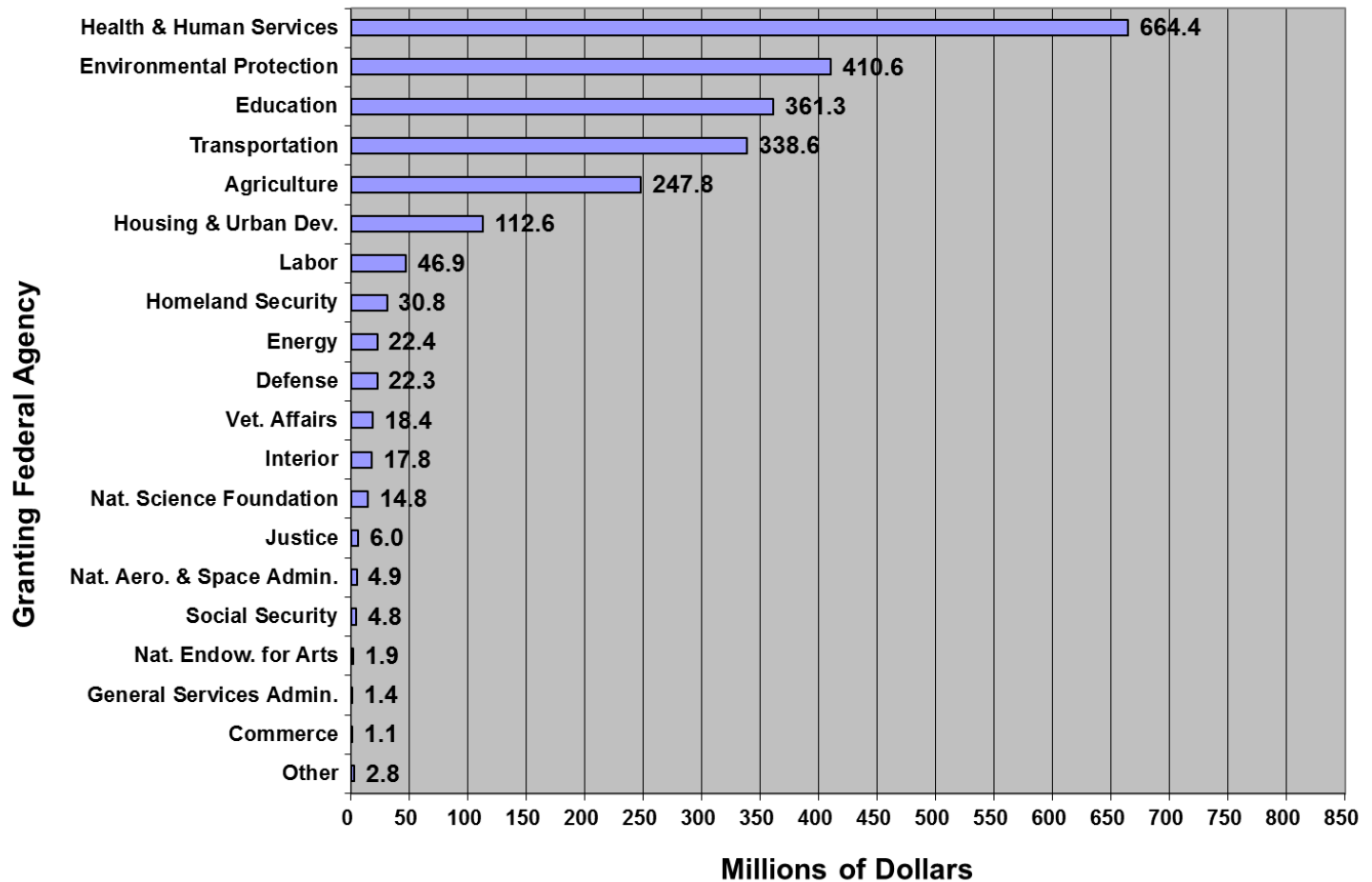
The Single Audit of the State of South Dakota was conducted by the Department of Legislative Audit pursuant to South Dakota Codified Law (SDCL) 4-11-2, the Single Audit Act Amendments of 1996 and the Office of Management and Budget, Circular A-133. A single audit encompasses the operations of the entire reporting entity. It includes an audit of the financial statements and report on internal control and compliance with state and federal laws and regulations.

Audit Scope

The State of South Dakota's entire reporting entity is included in the populations which are subjected to our audit procedures and testing. State and federal programs are tested for compliance with applicable laws, rules and regulations.

Various federal departments provide financial assistance to the State of South Dakota. These funds were expended during FY 2015 as depicted in the following graph. Included in the following graph are expenditures of Federal financial assistance received from the American Recovery and Reinvestment Act totaling \$1,699,514.

Federal Funds Expended in FY15*



*Includes guaranteed loan balances and non-cash assistance.

Based on a mandated risk based approach prescribed in OMB Circular A-133, all individual federal programs in excess of \$699,500 have a risk assessment performed on them annually. Any federal program in excess of \$6,995,000 must be included within the audit scope at least once every three years regardless of the level of risk associated with the program. Any federal program identified by a federal department as being a high risk program must also be included within the audit scope. Based on these risk assessments and requirements, federal programs are selected to be included within the audit scope. For FY 2015, those federal programs identified as major federal programs in the summary provided above were included within the FY 2015 audit scope and were tested for compliance with federal laws, rules and regulations. Those federal programs make up approximately 59.0% of all federal funds expended by the state. Any State funding used to provide the required matching requirements of federal programs was also included within the scope of the testing. For example, for federal fiscal year 2015, Medicaid was funded with 51.64% federal dollars and 48.36% State dollars.

In addition to the audit testing over major federal programs, testing was also performed on State funds. The testing was performed by the Department of Legislative Audit and certified public accounting firms based upon: 1) state or federal laws requiring separately issued audit reports

for certain funds or entities; 2) state match funding for federal programs tested; and, 3) the significance of and the perceived audit risk associated with State funds and accounts.

Separately issued annual financial and compliance audits include the following funds/entities:

- Revolving Economic Development Loan Program Fund;
- Clean Water State Revolving Fund;
- Drinking Water State Revolving Fund;
- State Lottery Operating Fund;
- Unemployment Insurance Fund;
- South Dakota Building Authority;
- Housing Development Authority;
- Finance Authority;
- South Dakota Science and Technology Authority;
- Education Enhancement Funding Corporation;
- South Dakota Retirement System;
- South Dakota Ellsworth Development Authority;
- Portfolios managed by the South Dakota Investment Council, including:
 - Cash Flow Portfolio;
 - Dakota Cement Trust Portfolio;
 - Education Enhancement Trust Portfolio;
 - Health Care Trust Portfolio;
 - School and Public Lands Portfolio; and,

The significant areas identified and included in the testing of the financial statements were as follows:

Primary Government:

- Central payroll process;
- Central expenditure approval process;
- Department of Revenue tax collections including: sales and use, motor vehicle, motor fuel and prorated, bank franchise and bank card;
- Selected internal service fund balances and/or operations for the Bureau of Human Resources Health Insurance Program, Bureau of Administration Fleet and Travel Management, and Bureau of Information and Telecommunications IT general controls;
- State aid to education disbursements;
- Infrastructure assets maintained by the Department of Transportation;
- Central fixed asset system; and,
- Year-end accrual entries.

Component Unit:

- Higher Education, including balances and activity relating to tuition and fees, sales and services, payroll, disbursements, capital assets, bonds payable, and cash. Affiliated organizations required to be reported in accordance with Government Accounting Standards were audited by other auditors.

Audit Results

Nine current written federal compliance audit findings were reported.

Seven current written audit findings were reported involving financial statement reporting. For specifics on each written audit finding, please refer to the "Schedule of Audit Findings and Questioned Costs."

The Government Operations and Audit Committee of the South Dakota Legislature reviews the State's Single Audit Report and all separately issued audit reports involving the State of South Dakota reporting entity. The main audit related purposes of the committee are to review audit reports generated by the Department of Legislative Audit and investigate any areas of concern of the committee.

**State of South Dakota
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2015**

**Section II
Summary Schedule of Prior Audit Findings**

**Building Authority
Finding No. 2014-001:**

Controls were not adequate to ensure the accuracy of amounts reported in the financial statements, including the identification and correction of reporting errors and omissions.

Auditee's Corrective Action Plan:

The previously submitted corrective action plan remains unchanged and has been implemented.

**Department of Education
Finding No. 2014-002:**

Controls were not effective to ensure subrecipient compliance with allowable cost and matching requirements.

CFDA Title: Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP)

CFDA Number: 84.334

Federal Award Number: P334S110022

Federal Award Year: 2013, 2014

Federal Agency: Department of Education

Type of Finding: Material Weakness

Category of Finding: Subrecipient Monitoring

Auditee's Corrective Action Plan:

Corrective action was taken and the audit finding was closed by the US Department of Education in writing dated March 9, 2016. See Current Audit Finding Nos. 2015-003; 2015-004; and 2015-005.

Finding No. 2014-003:

The subrecipient did not comply with allowable costs and cost principles requirements.

CFDA Title: Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP)

CFDA Number: 84.334

Federal Award Number: P334S110022

Federal Award Year: 2013, 2014

Federal Agency: Department of Education

Type of Finding: Material Noncompliance

Category of Finding: Allowable Costs/Cost Principles
Questioned Costs: \$118,444.51

Auditee's Corrective Action Plan:

Corrective action was taken and the audit finding was closed by the US Department of Education in writing dated March 9, 2016. See Current Audit Finding No. 2015-005.

Finding No. 2014-004:

The subrecipient did not comply with matching, level of effort, and earmarking requirements.

CFDA Title: Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP)
CFDA Number: 84.334
Federal Award Number: P334S110022
Federal Award Year: 2014
Federal Agency: Department of Education
Type of Finding: Material Noncompliance
Category of Finding: Matching, Level of Effort, Earmarking

Auditee's Corrective Action Plan:

Corrective action was taken and the audit finding was closed by the US Department of Education in writing dated March 9, 2016. See Current Audit Finding No. 2015-004.

Department of Revenue

Finding No. 2014-005:

Internal controls were not adequate to 1) ensure that information being accepted from the banks is sufficient to verify the amount remitted is accurate, and 2) ensure bank taxes were accurately recorded and distributed on the State's accounting system and reported properly in the State's financial statements. This is the third consecutive audit to contain a similar finding.

Auditee's Corrective Action Plan:

The previously submitted corrective action plan remains unchanged and is being implemented. See Current Audit Finding No. 2015-001.

Finding No. 2014-006:

Internal controls were not adequate to 1) ensure proper distribution of cigarette excise tax to tribal entities and 2) ensure proper reporting of the State's liability. This is the second consecutive audit to contain a similar finding.

Auditee's Corrective Action Plan:

The previously submitted corrective action plan remains unchanged and has been implemented.

Finding No. 2014-007:

Internal controls over the physical inventory of cigarette stamps are not adequate.

Auditee's Corrective Action Plan:

The previously submitted corrective action plan remains unchanged and has been implemented.

Department of Social Services

Finding No. 2014-008:

Internal controls were not adequate to ensure the propriety and consistency of data used to adjust the Diagnostic Related Group (DRG) weights used in the calculation of inpatient hospital claims.

CFDA Title: Medicaid

CFDA Number: 93.778

Federal Award Number: 1405SD5MAP

Federal Award Year: 2014

Federal Agency: Department of Health and Human Services

Type of Finding: Significant Deficiency

Category of Finding: Allowable Costs

Auditee's Corrective Action Plan:

The Department of Social Services previously submitted corrective action plan remains unchanged and has been implemented. We are currently communicating with Centers for Medicare and Medicaid Services.

Statewide Financial Reporting Process

Finding No. 2014-009:

Controls were not adequate to ensure the accuracy of amounts reported in the State's financial statements including the identification and correction of reporting errors and omissions.

Auditee's Corrective Action Plan:

Although a similar audit finding was issued this current fiscal year, the State has made significant progress each year in resolving this prior audit finding. See Current Audit Finding No. 2015-007.

Board of Regents

Finding No. 2014-010:

Controls were not adequate to ensure the accuracy of amounts reported in the financial statements, including the identification and correction of reporting errors and omissions.

Auditee's Corrective Action Plan:

The previously submitted corrective action plan remains unchanged and has been implemented.

Department of Labor and Regulation

Finding No. 2014-011:

During our testing of Emergency Unemployment Compensation (EUC) benefit payments, we noted one instance where the EUC calculation was not based on the most recent sequestration rate, resulting in the EUC benefit being underpaid.

Auditee's Corrective Action Plan:

The previously submitted corrective action plan remains unchanged and has been implemented. A finding similar to finding number 2014-011 was issued in 2013 (Finding No. 2013-033) and has been resolved by the U.S. Department of Labor with a letter from Ana I. Mulero dated August 24, 2014. We are currently communicating with the U.S. Department of Labor to receive final verification of closing of audit finding number 2014-011.

Ellsworth Development Authority

Finding No. 2014-012:

The Organization hired a third party accountant to perform year-end accrual basis adjustments and prepare the financial statements in accordance with generally accepted accounting principles. During the audit process, a construction payable relating to June 2014 was recorded for \$689,022, another invoice related to fiscal year 2014 was recorded for \$5,750, donated land was recorded for \$381,190, and the federal expenditures reported on the Schedule of Expenditures of Federal Awards were increased by \$1,618,951.

Auditee's Corrective Action Plan:

The Organization's corrective action was implemented and this finding was resolved in its entirety in fiscal year 2015.

Department of Agriculture Wheat Utilization, Research and Market Development Commission

Finding No. 2014-013:

Proper controls over financial reporting include the ability to prepare financial statements with accompanying notes to the financial statements that are materially correct and include all required disclosures.

Auditee's Corrective Action Plan:

The previously submitted corrective action plan remains unchanged.

Finding No. 2014-014:

In order to achieve a high level of internal control, the functions of executing transactions, recording transactions and maintaining accountability for assets should be performed by different employees or be maintained under dual control.

Auditee's Corrective Action Plan:

The previously submitted corrective action plan remains unchanged.

Department of Agriculture Soybean Research and Promotion Council

Finding No. 2014-015:

Proper controls over financial reporting include the ability to prepare financial statements and accompanying notes to the financial statements that are materially correct.

Auditee's Corrective Action Plan:

The previously submitted corrective action plan remains unchanged. See Current Audit Finding No. 2015-013.

Department of Agriculture Corn Utilization Council

Finding No. 2014-016:

Proper controls over financial reporting include the ability to prepare financial statements and accompanying notes to the financial statements that are materially correct.

Auditee's Corrective Action Plan:

The previously submitted corrective action plan remains unchanged. See Current Audit Finding No. 2015-015.

Finding No. 2014-017:

In order to achieve a high level of internal control, the functions of executing transactions, recording transactions and maintaining accountability for assets should be performed by different employees or be maintained under dual control.

Auditee's Corrective Action Plan:

The previously submitted corrective action plan remains unchanged. See Current Audit Finding No. 2015-016.

Finding No. 2014-018:

Invoices should be reviewed for accuracy and applicability. Exempt governmental entities should not be charged or pay sales or use tax on purchases. An entity's sales tax exempt status should be communicated to all vendors and monitored for proper exemption on invoices.

Auditee's Corrective Action Plan:

The previously submitted corrective action plan remains unchanged and has been implemented.

**State of South Dakota
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2015**

**Section III
Schedule of Current Audit Findings and Questioned Costs**

DEPARTMENT OF REVENUE

CURRENT AUDIT FINDINGS AND RECOMMENDATIONS

Financial Statement Audit Findings:

Finding No. 2015-001:

Internal controls were not adequate to ensure all financial institutions licensed by the South Dakota Division of Banking were submitting the required returns and payments to the Department of Revenue.

Type of Finding: Significant Deficiency

Analysis:

During fiscal year (FY) 2015, the Department of Revenue did not have effective controls to ensure the Bank Taxes collected and recorded were complete. The following errors were noted:

- The Department of Revenue (DOR) utilizes an internally developed Cedar computer system to record and track Bank Taxes. Financial institutions licensed by the Division of Banking (DOB) were not entered onto the Cedar system, and therefore not tracked for tax purposes.
 - For a sample of four months we performed a comparison between the financial institutions licensed by the DOB in those months and the taxpayers listed on the DOR's Cedar system. There were 30 new financial institutions on the DOB report, of which the following exceptions were noted on the Cedar system:
 - Thirteen financial institutions licensed by the DOB from the beginning of FY15 until April 30, 2015 were not entered onto the Cedar system.
 - Four institutions were entered onto the system only after a payment was received by the DOR.
 - Five institutions licensed by the DOB in November and December of 2014 were not recorded on the DOR's system until April 2015.
 - Eight of the financial institutions entered onto the Cedar system were not contacted to provide pertinent tax documentation or to verify the DOB's information.

As a result, the information on the DOR's Cedar system was not complete and financial institutions licensed in the State of South Dakota were not tracked to ensure their compliance with bank tax requirements and the submission of accurate and timely bank taxes.

DEPARTMENT OF REVENUE
(Continued)

RECOMMENDATION:

1. We recommend that controls be implemented to ensure that information being used by the DOR is complete and institutions licensed in the State of South Dakota are tracked to ensure taxes are being collected in an accurate and timely manner.

Auditee's Corrective Action Plan:

The Department of Revenue concurs with this finding and submits the following Corrective Action Plan.

The Bank Franchise Tax Specialist receives a list of newly licensed financial institutions from the Division of Banking, Department of Labor and Regulation, on a monthly basis. Upon receipt, the Bank Franchise Tax Specialist enters the basic information received onto the Cedar system and a letter is sent to the financial institution to verify the information provided by the Division of Banking and seeking additional pertinent information and documentation. The Bank Franchise Tax Specialist will also follow-up by other communication methods if they do not hear back from an institution within a reasonable timeframe.

The Bank Franchise Tax Specialist will request a comprehensive list of licensed financial institutions semi-annually to compare against the comprehensive Department of Revenue listing to identify any institutions previously missed.

Finding No. 2015-002:

Internal controls were not adequate to 1) ensure accuracy of the information provided by the International Fuel Tax Agreement (IFTA) Explore system and 2) ensure proper reporting of the State's revenue.

Type of Finding: Significant Deficiency

Analysis:

During FY15, the Department of Legislative Audit began receiving phone calls concerning IFTA account statements that were intended to be directed to the Department of Revenue (DOR). Upon further investigation, we determined that the phone calls concerned IFTA statements billing taxpayers trivial amounts and many of the taxpayers were displeased with the bills. Through review and inquiry it became apparent that the DOR was unaware that the Department of Legislative Audit's phone number had incorrectly been added to the statements or that statements of this nature were being sent to taxpayers. Also during this review we noted that the Explore system used by the DOR's IFTA staff did not provide crucial information on the fees being collected and that the staff utilizing the system were not sufficiently trained to identify how to effectively operate the system.

Due to turnover, inadequate training, and a lack of oversight, the DOR did not have adequate controls in place to ensure the Explore system was providing accurate information or to ensure fees were proper. Also, a lack of formal policies and procedures increased the risk of errors.

DEPARTMENT OF REVENUE
(Continued)

The following errors were noted:

- IFTA statements are to be sent out daily to taxpayers; however, during a time period of over a month these statements were not sent.
- There are no reports to identify if a taxpayer has submitted or failed to submit a return or to show inconsistencies in the amount due versus the amount submitted to the State.
- Taxpayers were receiving statements of taxes due for under \$5 although there is an informal policy of not sending those statements.
- Multiple discrepancies were noted for amendments, interest and penalties on the IFTA statements and the lack of formal policies and procedures made it difficult to discern whether such penalties and interest were accurate and justified.
- We noted that staff is unaware of how to generate the appropriate Explore system reports to ensure revenue received is accurate and complete.

As a result, we were not able to verify the accuracy or completeness of the IFTA information provided by the DOR's Explore system. This increases the risk that revenues are not collected and recorded in the correct amount; that interest and penalties are improperly assessed, and that year-end receivables are improperly reported in the State's financial statements.

RECOMMENDATIONS:

2. We recommend that the DOR provide adequate supervision and training of personnel to ensure they are able to perform their duties accurately and consistently.
3. We recommend controls be implemented to ensure the information provided for IFTA fees and used on the State's financial statements is accurate and complete.
4. We recommend formal policies and procedures be developed that provide guidance on the duties to be performed by personnel responsible for IFTA accounts and billing statements.

Auditee's Corrective Action Plan:

The Department of Revenue concurs with this finding and submits the following Corrective Action Plan.

First, the Interstate Fuel Tax Agreement (IFTA) program is operated within the Division of Motor Vehicles. The IFTA team within the Division of Motor Vehicles will begin a process mapping initiative to document all processes within the IFTA program and review staff assignments to ensure the work is being completed timely and accurately. This documentation will be used to create policies and procedures manuals as well as training materials for employees.

Second, requests for program, form and statement modifications will now only be submitted to Explore by a supervisor to ensure those modifications are properly reviewed and approved before the modifications have been made.

DEPARTMENT OF REVENUE
(Continued)

To address the errors noted specifically:

- IFTA statements will be automatically generated quarterly by the Explore program. Statements are checked against each account to ensure accuracy before being mailed to the taxpayer.
- The Explore system does generate letters to non-filing taxpayers. Currently, this process is a manual process. IFTA staff members are working with system programmers to automate the Non-Filer Notices to be generated 15 days after the quarterly filing is due. We will also be working with Explore programmers to determine if there are other reports available to identify inconsistencies in the amount due versus what was submitted to the State.
- The Division of Motor Vehicles will formalize the policy of not sending statements of taxes due for under \$5. The Write-Off job in Explore will be automated to run on a weekly basis. The policy will be in writing and staff will be trained on the policy. Further, steps will be included in the process to ensure the policy is followed.
- The Explore system is accurately calculating penalties and interest. Penalties and interest are set by the International Fuel Tax Agreement program, not by the State of South Dakota. We will formally document in our policy manual how penalties and interest are calculated. We will also be looking at the statements to determine if charges are clearly identified. A new policy has been enforced that all amendments must be reviewed by the Division Accountant.
- Because this area has recently experienced some staff turnover, the process mapping initiative and documentation will assist with properly training staff and assuring that they have a full understanding of the program responsibilities. Further, we are working with programmers of the Explore system to gain a better understanding of the system and the reports available for use to ensure that we are accurately operating the IFTA program within the State of South Dakota.

DEPARTMENT OF EDUCATION

CURRENT AUDIT FINDINGS AND RECOMMENDATIONS

Federal Compliance Audit Findings:

Finding No. 2015-003:

The South Dakota Department of Education (DOE) did not have adequate controls in place to properly monitor subrecipient compliance with federal regulations or evaluate and mitigate risk associated with related party transactions.

CFDA Title: Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP)

CFDA Number: 84.334

Federal Award Number: P334S110022

Federal Award Year: 2013; 2014; 2015

Federal Agency: Department of Education

Type of Finding: Material Weakness

Category of Finding: Subrecipient Monitoring

Analysis:

The DOE had a partnership agreement with Mid-Central Educational Cooperative (MEC) for administration of the GEAR UP program. According to the agreement, the DOE awarded MEC \$3,391,732 for Federal Fiscal Year (FFY) 2013, \$4,793,992 for FFY 2014 and \$4,287,228 for FFY 2015. The agreement states, in part:

The State will serve as the lead partner and will be responsible for ensuring that the project is carried out by the partnership group in accordance with Federal requirements.

....

The State agrees to make monthly fixed installments in the amount of \$50,000. Additional installments will be made monthly based upon receipt of a detailed invoice submitted by the Grant Partner that documents actual expenses incurred and matching documentation.

MEC partnered with the American Indian Institute for Innovation (AIII) to administer portions of the GEAR UP program using the program budget and scope of work provided by the DOE. The partnership agreement between MEC and AIII did not provide for a specific amount of GEAR UP funds that AIII was authorized to expend, but rather incorporated the total budget between the DOE and MEC by reference. According to the agreement, MEC was to reimburse AIII monthly upon receipt of a detailed reimbursement voucher showing all expenses and AIII was only to be reimbursed for expenses that were allowable under the GEAR UP program in accordance with the approved budgets.

U.S. Office of Management and Budget Circular A-133 (Circular A-133), section 210 provides criteria for determining whether an agreement involving the expenditure of federal funds is a subaward or a contract for services. Using these criteria, we determined the partnership agreement between MEC and AIII was a subaward of GEAR UP funds and not a contract for services. As a subaward, the DOE would be considered the pass-through entity and the AIII would be considered a subrecipient of the GEAR UP funds.

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(Continued)

Section 400(d) of Circular A-133 describes the responsibilities of a pass-through entity with regard to the federal subawards made to subrecipients. These responsibilities include monitoring the activities of subrecipients to ensure compliance with federal laws and regulations. Federal law requires that subrecipients expending \$500,000 or more in Federal awards during their fiscal year have an audit conducted in accordance with the requirements of the Single Audit Act and Circular A-133.

According to AIII's Internal Revenue Service Form 990-PF (form 990) filed for 2012, 2013, and 2014, the AIII recognized revenue from direct and pass-through federal awards in excess of \$500,000 in each of these three years. Thus, we believe AIII should have had a Single Audit for the years 2012, 2013 and 2014. However, we found no evidence that Single Audits of AIII for those periods were performed. Neither the DOE nor MEC had internal controls in place to ensure that MEC's agreement with AIII was correctly identified as a subaward and that AIII had complied with the Single Audit Act.

While we believe Single Audits of AIII should have been performed because it met federal requirements for such an audit, we also believe audits should have been required of AIII by the DOE and MEC because of the nature of employment and contractual relationships that existed between employees and officers of MEC and AIII. The following employment and contractual relationships existed during our audit period.

Stacy Phelps was both an employee of MEC and the Chief Executive Officer (CEO) of AIII. We found that \$65,000 of Stacy Phelps' MEC salary was reimbursed by the DOE from GEAR UP funds for FFY 2014. In addition, in August 2014 MEC reimbursed AIII \$34,000 from GEAR UP funds for contractual services provided by Stacy Phelps. Although AIII was reimbursed \$34,000 for Stacy Phelps's services in 2014, we found that AIII's form 990 for calendar 2014 reported zero compensation for Stacy Phelps. In addition, we found that Scott Westerhuis, MEC's Business Manager during 2014, was also identified as AIII's Chief Financial Officer on its form 990 for 2014.

MEC also partnered with Oceti Sakowin Education Consortium (OSEC) to administer portions of the GEAR UP program. According to the OSEC form 990 submitted for OSEC's fiscal year ended June 30, 2014 Nicole Westerhuis, wife of Scott Westerhuis, was compensated \$38,521 as the Business Manager of OSEC. Nicole Westerhuis also had an employment contract with MEC for its fiscal year ended June 30, 2014 in the amount of \$59,740.

The audited financial statements of MEC and the accompanying notes to the financial statements did not disclose any of these relationships or the related transactions. Generally accepted accounting principles require the terms of material related party transactions to be disclosed in the notes to the financial statements for governmental organizations such as MEC.

Since key employees of MEC were also in compensated officer positions of AIII, a significant subrecipient of GEAR UP pass-through funds, there were significant risks that needed to be addressed by specific subrecipient monitoring procedures at the DOE and MEC. Procedures implemented by the DOE did not address these risks and as a result, the DOE exposed itself to potential violation of federal regulations, and an increased risk of fraud, waste, and abuse of grant funds.

DEPARTMENT OF EDUCATION
(Continued)

RECOMMENDATION:

1. We recommend that the DOE adopt additional subrecipient monitoring procedures to ensure compliance with federal regulations and mitigation of the risks associated with related party transactions.

Auditee's Corrective Action Plan:

The Department of Education agrees with Department of Legislative Audit recommendations of adopting additional subrecipient monitoring procedures to ensure compliance with federal regulations and mitigation of the risks associated with related party transactions. Throughout FY2015, the Department implemented increasing levels of expenditure review and compliance monitoring for the Gear Up grant. This included annual review of the independent audit reports and requiring that MEC upload supporting documentation for all expenses being claimed to a system called Egnyte. The Department also reviewed the independent audit reports for signs of risk in the operations of MEC. Each year, the independent audit reports came back with no significant findings. Regarding expenses being claimed, if questionable or undocumented costs were noted during the expenditure review, the cost was removed and payment was withheld pending a satisfactory response from the subrecipient. When potential issues of compliance were noted the Department provided technical assistance to the subrecipient in an effort to correct these issues.

Despite these efforts, the Department continued to note questionable or unsupported costs. In September 2015 the Department began processes to terminate the partnership with MEC at the end of then current award period. On September 16, 2015, the Department notified MEC of the intent to terminate via phone. A subsequent termination letter was issued on September 21, 2015.

While the Department does perform a risk assessment of new grantees, we will implement a system to perform a more in depth risk analysis of the financial management capacity of potential subawardees of discretionary or competitive grant programs, including their ability to identify and appropriately document match. The department will also perform a more in depth review of key staff. Beginning in FY2017, the department will require grantees to submit a conflict of interest policy and to submit documentation disclosing any related parties. The Department will require any entities providing subawards to affirmatively notify the Department of any subawards and to submit to the Department a signed written acknowledgment by both the entity and the subrecipient acknowledging that: 1) they are aware of federal requirements regarding subawards and 2) any entity receiving a subaward is required to meet audit requirements under uniform guidance if their total federal awards exceed the threshold.

As stated previously, the Department has terminated its partnership with MEC for the Gear Up program. In order to insure that students continue to receive services, the Department is partnering with the South Dakota Board of Regents (BOR) to continue activities under the Gear Up grant and is working closely with the individuals involved to make sure they are aware of all federal requirements and insure they are being followed. To accomplish this, the Department created a new position whose duties are to work on the Gear Up program to ensure that federal program requirements are being met and students continue to receive services. Department administrative staff have attended trainings specific to federal grants management. Department and BOR staff will attend future training opportunities specific to Gear Up and on federal grant management and will provide additional training and support to all grant partners.

DEPARTMENT OF EDUCATION
(Continued)

Finding No. 2015-004:

The Mid-Central Educational Cooperative (MEC) did not comply with matching requirements.

CFDA Title: Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP)

CFDA Number: 84.334

Federal Award Number: P334S110022

Federal Award Year: 2014

Federal Agency: Department of Education

Type of Finding: Material Noncompliance

Category of Finding: Matching, Level of Effort, Earmarking

Analysis:

Title 34 of the Code of Federal Regulations (CFR), part 694.7 specifies that at least 50 percent of the GEAR UP project costs be matched with cash or in-kind contributions from non-Federal sources.

The South Dakota Department of Education (DOE) partnered with MEC for the administration of GEAR UP and required matching contributions were documented by MEC. The partnership agreement specifies that:

Documentation of matching contributions must contain adequate source documentation for the claimed cost sharing, provide clear valuation of in-kind matching and provide support of cost sharing by grant partners. Matching contributions must be valued in accordance with U.S. Office of Management and Budget (OMB) circulars and the Education Department General Administrative Regulations (EDGAR).

34 CFR 80.24(b)(6) states:

Costs and third party in-kind contributions counting towards satisfying a cost sharing or matching requirement must be verifiable from the records of grantees and subgrantee or cost-type contractors. These records must show how the value placed on third party in-kind contributions was derived....

34 CFR 80.24(d) states:

Valuation of third party donated supplies and loaned equipment or space. (1) If a third party donates supplies, the contribution will be valued at the market value of the supplies at the time of donation....

Our review identified individually significant in-kind matching contributions that were not adequately supported for the Federal Fiscal Year (FFY) 2014 GEAR UP grant, which had a project period of September 26, 2013 through September 25, 2014. We reviewed the non-Federal matching amounts recorded for the FFY 2014 grant and identified three different issues as described below:

1. MEC provided the DOE with a match contribution in the form of payroll from a partner school totaling \$165,185.09. The payroll logs provided show the entire payroll for the summer months of July and August, 2014 for all teachers in the first through eighth grades totaling \$1,785,784.72. The school and MEC determined that only 25% of the total salaries are paid

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(Continued)

from the General Fund of the school and therefore only 25%, or \$446,446.18, of the salaries could be used as a match for GEAR UP. The school and MEC next determined that GEAR UP only served grades six through eight which equated to 37% of the total grades available from first through eighth and as a result, \$165,185.09 of the \$446,446.18 was used as an in-kind match. Documentation did not identify which teachers actually taught grades six through eight or if their activities would be allowable under GEAR UP.

2. MEC provided a letter to the DOE from Microsoft valuing a contribution of \$2 million for providing 500 DreamSpark Premium software licenses. The records for the in-kind match did not identify how the software was used to meet the purpose of the grant or the number of students using the software. In addition, the same documentation submitted by MEC and used for the FFY 2013 match was also used for the FFY 2014 match. According to the approved federal budget in the DOE's GEAR UP grant application, the total in-kind match contribution for Microsoft Programs was budgeted to be \$750,000 per year. The match claimed for Microsoft totaled \$2,000,000, which is \$1,250,000 more than the budget approved by the U.S. Department of Education. The excess in match claimed for Microsoft resulted in less match than budgeted being provided for salaries and benefits, supplies and equipment, and other contractual services.

3. MEC provided an invoice to the DOE from Learning Solutions valuing an unlimited number of licenses for Reading Plus and Think Through Math software programs at a value of \$746,000 each for a period of two years. \$225,000 was paid by MEC to Learning Solutions for each software program and was subsequently reimbursed by the DOE as part of the GEAR UP program. The remaining \$521,000 difference between the value and amount paid for the software programs was used as contribution for in-kind match for a total of \$1,042,000. The records provided did not show how the \$746,000 value was derived. Additionally, the records did not identify the number of students using the software, or how the software was used to meet the purpose of the program. According to the approved federal budget in the DOE's GEAR UP grant application, the total in-kind match contribution for Math and Reading Programs was budgeted to be \$150,000 per year. The match claimed above totals \$1,042,000 over two years which is \$742,000 more than the budget approved by the U.S. Department of Education. The excess in match claimed for Learning Solutions resulted in less match than budgeted being provided for salaries and benefits, supplies and equipment, and other contractual services.

As a result, the DOE was not in compliance with federal matching requirements. Because the GEAR UP grant is a multi-year program, questioned costs would not be calculated until the end of the award period.

RECOMMENDATION:

2. We recommend that the DOE implement procedures to monitor subrecipient matching amounts to ensure compliance with federal requirements.

Auditee's Corrective Action Plan:

The Department of Education agrees with the Department of Legislative Audit recommendation to implement procedures to monitor sub recipient matching amounts. Throughout FY2015, the department implemented increasing levels of review on all Gear Up fiscal activities, including documentation of match. Despite efforts to obtain adequate source documentation from MEC, the department continued to have concerns about MEC's ability to meet match requirements. Concerns regarding MEC's ability to provide appropriate match was a factor in the Department's

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(Continued)

decision to terminate its partnership with MEC for the Gear Up program. In September 2015 the Department began processes to terminate the partnership with MEC at the end of the current award period. On September 16, 2015, the Department notified MEC of the intent to terminate via phone. A subsequent termination letter was issued on September 21, 2015.

The Department has made multiple requests to MEC for match documentation since the termination of the contract with MEC. The Department has not received timely and sufficient responses from MEC. As a result, the Department has engaged a specialist to help in acquiring adequate supporting documentation for match for the Gear Up grant. The Department will identify and catalog existing match documentation and conduct outreach to Gear Up sub recipients to document recoverable match.

The Department will maintain oversight to ensure key BOR staff possess experience in documenting match in compliance with federal requirements. Department staff and key BOR staff have attended training opportunities specific to Gear Up and federal match requirements and will continue to attend additional developmental trainings required under the Gear Up grant.

Finding No. 2015-005:

Controls were not effective over proper monitoring of the subrecipient to ensure compliance with allowable costs and cost principles requirements.

CFDA Title: Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP)
CFDA Number: 84.334

Federal Award Number: P334S110022

Federal Award Year: 2013, 2014

Federal Agency: Department of Education

Type of Finding: Material Weakness

Category of Finding: Allowable Costs/Cost Principles, Subrecipient Monitoring

Analysis:

Per the federal grant award for GEAR UP, costs incurred are subject to the cost principles outlined in U.S. Office of Management and Budget (OMB) Circular A-87, which is codified in Title 2 of the Code of Federal Regulations (CFR), part 225. 2 CFR 225, Appendix B, Section 8(a) states:

Compensation for personnel services includes all remuneration, paid currently or accrued, for services rendered during the period of performance under Federal awards, including but not necessarily limited to wages, salaries, and fringe benefits. The costs of such compensation are allowable to the extent that they satisfy the specific requirements of this and other appendices under 2 CFR Part 225, and that the total compensation for individual employees:

....

(3) Is determined and supported as provided in subsection h.

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(Continued)

2 CFR 225, Appendix B, Section 8(h) states:

h. Support of salaries and wages. These standards regarding time distribution are in addition to the standards for payroll documentation.

- (1) Charges to Federal awards for salaries and wages, whether treated as direct or indirect costs, will be based on payrolls documented in accordance with generally accepted practice of the governmental unit and approved by a responsible official(s) of the governmental unit.

....

- (3) Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having firsthand knowledge of the work performed by the employee.

- (4) Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation....

- (5) Personnel activity reports or equivalent documentation must meet the following standards:

- (a) They must reflect an after-the-fact distribution of the actual activity of each employee,
- (b) They must account for the total activity for which each employee is compensated,
- (c) They must be prepared at least monthly and must coincide with one or more pay periods, and
- (d) They must be signed by the employee.
- (e) Budget estimates or other distribution percentages determined before the services are performed do not qualify as support for charges to Federal awards....

For Federal Fiscal Year (FFY) 2014 thirteen Mid-Central Educational Cooperative (MEC) employees had a portion of their salaries and benefits charged to the GEAR UP program and subsequently reimbursed by the South Dakota Department of Education (DOE). For eleven of these employees, monthly payroll distribution reports were submitted to the DOE along with the reimbursement requests to support the actual salaries paid to the employees each month. For two of the employees, Stacy Phelps and Scott Westerhuis, the reimbursement request for these employees' salaries was submitted in one lump sum at the end of the year and no supporting payroll distribution reports were included with the reimbursement request. Salaries and benefits charged to the program for FFY14 for these two employees totaled \$88,973.03. Upon request during our audit, the DOE did obtain supporting documentation from MEC to substantiate that the costs were allowable. Therefore, no questioned costs were identified as a result of this finding.

Since the form of the salary reimbursement request for Stacy Phelps and Scott Westerhuis differed from the form used for other MEC employees and because of the risks that existed due to the relationships described in finding 2015-003, the DOE should have ensured that

DEPARTMENT OF EDUCATION
(Continued)

supporting payroll documentation was obtained for these two employees before being reimbursed.

RECOMMENDATION:

3. We recommend the DOE strengthen controls to ensure subrecipients are in compliance with the applicable grant agreement and compliance requirements of the GEAR UP grant prior to issuing payment.

Auditee's Corrective Action Plan:

The Department of Education agrees with Department of Legislative Audit recommendations of strengthening controls to ensure subrecipients are in compliance with applicable grant agreement and compliance requirements of the GEAR UP grant prior to issuing payment. Throughout FY2015, the Department implemented increasing levels of expenditure review and compliance monitoring for the Gear Up grant. This included annual review of the independent audit reports and requiring that MEC upload supporting documentation for all expenses being claimed to a system called Egnyte. The Department also reviewed the independent audit reports for signs of risk in the operations of MEC. Each year, the independent audit reports came back with no significant findings. Regarding expenses being claimed, if questionable or undocumented costs were noted during the expenditure review, the cost was removed and payment was withheld pending a satisfactory response from the subrecipient. When potential issues of compliance were noted the Department provided technical assistance to the subrecipient in an effort to correct these issues.

Despite these efforts, the Department continued to note questionable or unsupported costs. In September 2015 the Department began processes to terminate the partnership with MEC at the end of then current award period. On September 16, 2015, the Department notified MEC of the intent to terminate via phone. A subsequent termination letter was issued on September 21, 2015.

In order to comply with the grant agreement with the US Department of Education and to insure that students continue to receive services, the Department is partnering with the South Dakota Board of Regents (BOR) to continue activities under the GEAR UP grant. The BOR is a state entity that administers the State's six universities and two specialty schools. The BOR has its own internal auditor responsible for risk management and control. Furthermore, the Department created a new position whose duties are to work on the Gear Up program to ensure that federal program requirements are being met. Department administrative staff have attended trainings specific to federal grants management. Department and BOR staff will attend future training opportunities specific to Gear Up and on federal grant management and will provide additional training and support to all grant partners.

SECRETARY OF STATE

CURRENT AUDIT FINDINGS AND RECOMMENDATIONS

Federal Compliance Audit Finding:

Finding No. 2015-006:

Internal controls were not sufficient to ensure that payments made under the Help America Vote Act (HAVA) were in compliance with grant requirements.

CFDA Title: Help America Vote Act Requirements Payments

CFDA Number: 90.401

Federal Award Number: 47-0601-0-1-808

Federal Award Year: 2006

Federal Agency: U.S. Election Assistance Commission

Type of Finding: Significant Deficiency

Category of Finding: Activities Allowed

Questioned costs: \$12,000

Analysis:

The HAVA State Plan specifies that "...the state will account for all expenditures, funding levels, program controls and outcomes in accordance with state and federal laws." A key aspect of grant management is documentation of policies and procedures. The Secretary of State's Office does not have adequate internal control policies or procedures with regards to HAVA management. As a result, there is a lack of consistency, awareness and support for the payments that were made, which increases the risk of noncompliance with grant requirements.

We reviewed a sample of HAVA grant expenditures for fiscal years (FY) 2011 through FY 2015 to determine compliance with federal grant requirements and noted the following exceptions:

From our review of HAVA subgrants to South Dakota counties to determine that the payments were in agreement with the reimbursement requested by the county; we noted that no receipts or invoices to support the reimbursement request were available. Receipts or invoices may have been submitted at the time of reimbursement, but no receipts or invoices were retained and thus the Secretary of State's Office could not furnish adequate documentation to support the use of HAVA funds. As a result, our sample of \$110,494.74 paid from HAVA grant funds was not properly supported.

We found HAVA expenditures for a cloud storage service that was utilized for both the HAVA grant and for the Division of Business Services purposes. All expenditures were billed to the HAVA grant. The Division of Business Services does not provide any oversight or support for the HAVA grant, and thus their expenses are not eligible under the HAVA grant. As a result, an undeterminable amount was charged to the HAVA grant for services that were not related to the grant objective.

We also found that HAVA funds were used to pay for a portion of a contract for services to provide oversight to the Electronic Absentee Systems for Elections – Federal Voting Assistance Program (FVAP) grant. As a result, a total of \$12,000 was charged to the HAVA grant for a service provided for a FVAP grant objective.

SECRETARY OF STATE
(Continued)

RECOMMENDATIONS:

1. We recommend the Secretary of State's Office develop and document internal policies; specifically, these policies and procedures should address financial management activities including purchasing and payment. Further, these procedures should be reviewed and updated on a regular basis.
2. We recommend the Secretary of State's Office request and retain invoices and other supporting documentation for the reimbursement requests from counties to provide reasonable assurance the counties are administering the HAVA program in compliance with laws, regulations, and the grant agreements.
3. We recommend that the Secretary of State's Office improve their payment review process to ensure HAVA expenditures are for allowable activities.

Auditee's Corrective Action Plan:

The following provides further information regarding the findings and recommendations of Legislative Audit, including information regarding the Corrective Action Plan that has been implemented.

As your findings note the HAVA State Plan specifies that "...the state will account for all expenditures, funding levels, program controls and outcomes in accordance with state and federal laws." The previous administration did not retain any invoices to support HAVA county reimbursement requests, nor were adequate policies and procedures in place to manage these federal funds.

The Corrective Action Plan that has already been implemented addresses the areas the findings noted. Accounting procedures for processing of receipts, daily deposits, and bills have been documented and are currently in practice. Specifically, with regards to the recommendations of your findings, the following is a review and explanation of the corrective steps taken:

Help America Vote Act (HAVA) Subgrants

- Kayla Dowling, Accountant, is in the process of gathering the available vouchers for the last four years from the State Auditor.
- We have set up a county reimbursement process. The county submits the county reimbursement application, along with an invoice with full back up detail for the payment. Kristin Kellar, HAVA Coordinator, reviews the application to make sure that it meets the HAVA qualifications. If it does, a second approval is done by Kea Warne, Deputy Secretary of Election Services, before reimbursement is made.
- Personnel now complete time studies, which report actual hours rather than a percentage of time. In addition, personnel are keeping logs of detailed work that is performed for federal fund hours.
- Annual reconciliation of the HAVA county and state balances will be completed every year. County held fund statements will be provided twice a year.

SECRETARY OF STATE
(Continued)

Cloud Storage

- The cloud storage services referenced in the finding, Rackspace, are no longer being utilized. All cloud services were switched to Azure Cloud Services in March 2015.
- The Total Vote Election and Voter Registration System and the Campaign Finance System. The allocation of this expense is split 90% to federal funds for Total Vote and 10% to general funds for Campaign Finance.
- The percentage breakdown was based on the fact that the Campaign Finance System includes a much smaller database for campaigns and committees and the Total Vote System is for all voters across the state.
- The cloud storage services for Azure are provided by Bpro, through an annual contract.
- All other SOS systems are housed through the Bureau of Information and Telecommunications.

FVAP Expenditures

- The previous administration contracted with Christopher J. Hupke Consulting LLC to provide project management duties for the iOASIS project.
- A total of \$43,392.05 was paid to the contractor between July 31, 2013 and March 3, 2014. All payments were initially paid out of HAVA funds.
- These payments were submitted to FVAP for reimbursement on July 25, 2014.
- Contact with Legislative Audit determined that no documentation was identified to show reimbursement for invoice 1 and 2 from Christopher J. Hupke Consulting to the HAVA funds.
- As with HAVA Subgrants, all invoices paid from federal funds require approval from the HAVA Coordinator and Deputy Secretary of State for Election Services.
- Receipt of reimbursements for requests to the FVAP or HHS grants are tracked by our accountant, so that all journal entries between grant funds are completed.

STATEWIDE FINANCIAL REPORTING PROCESS

CURRENT AUDIT FINDING AND RECOMMENDATIONS

Financial Statement Audit Finding:

Finding No. 2015-007:

Controls placed into operation by the State were not effective in ensuring the accuracy of the amounts reported in the State's financial statements.

Type of Finding: Material Weakness

Analysis:

In order for the State to compile the needed information for the State's financial statements, including the notes to the financial statements and the Schedule of Expenditures of Federal Awards, the Bureau of Finance and Management (BFM) issued a policies and procedures manual to be used while preparing year-end entries and disclosures. From these broad guidelines, each agency has developed specific policies and procedures as well as various internal control procedures to properly report its portion of the year-end entries and disclosures to BFM. In many instances the controls implemented by the agencies were not fully effective, and as a result, many year-end entries and disclosure information submitted to BFM had material reporting errors and omissions.

From the year-end entries and disclosure information provided by the agencies, the State's financial statements and applicable note disclosures are prepared by the BFM's Accounting Analysis and Financial Reporting Division. The BFM has implemented controls to detect and correct reporting errors and omissions in the agency provided information to insure the State's financial statements are reported in accordance with Generally Accepted Accounting Principles. However, these internal controls did not adequately detect and correct all of the material reporting errors and omissions.

For the reporting errors and omissions that we identified after the State's internal control procedures had been performed, we proposed correcting entries to the State's financial statements and the accompanying notes to the financial statements. The BFM posted adjusting entries to the accounting records as recommended by us during the audit or adjusted the financial statements or notes to the financial statements accordingly. Our audit identified significant deficiencies over financial reporting and/or material errors for the following areas:

- Proper recognition and classification of assets, liabilities, revenues, expenses, and other financing sources,
- Proper inclusion of separately issued audited financial statements for funds of the State,
- Prior period adjustments,
- Fund balance and net position classifications,
- Note disclosure preparation
- Schedule of Expenditures of Federal Awards

STATEWIDE FINANCIAL REPORTING PROCESS (Continued)

Because the internal controls of the State were not fully effective in identifying and correcting material misstatements, there existed an increased exposure to inaccurate financial reporting.

RECOMMENDATIONS:

1. We recommend the BFM and State agencies continue to review and improve internal control procedures that have been placed into operation to identify and correct weaknesses that are resulting in reporting errors and omissions.
2. We recommend the BFM continue to perform and improve formal risk assessments to identify areas that lack adequate internal controls so that adequate internal controls can be designed and implemented.

Auditee's Corrective Action Plan:

The State is committed to timely and accurate financial reporting and strengthening internal controls. We have had success under the Governor's Faster CAFR Initiative, as evident in our results over the past years, as shown below. We look forward to working with the Governor's Internal Control Initiative as we strive to strengthen accountability by improving controls that protect against waste, fraud, and abuse.

The Accounting Analysis and Financial Reporting Division of BFM was established in 2008. This division predominately acts as an internal control function for the State to help identify and correct agency specific accounting and financial reporting errors and omissions and to prepare the State's Comprehensive Annual Financial Report (CAFR). Additionally, this division provides training and assistance to all State agencies regarding accounting and financial reporting issues and provides assistance in identifying, developing, and documenting agency specific controls. Continued progress has been made each fiscal year. As a result, the number of adjustments proposed by the independent auditors for material errors and omissions and the number of agency specific audit findings continue to decrease.

We acknowledge that further improvements are necessary and we are confident this progress will continue as this division and the State agencies become more experienced and better trained. Through the Governor's Faster CAFR Initiative three FTE were created in FY15, and an additional two FTE were created in FY16. These FTE provide technical assistance to the agencies to aid in improving their policies and procedures. Coinciding with the FTE, a new financial reporting system was also implemented in FY15. The new reporting system is able to provide agencies and BFM staff an instantaneous review of the effects of their year-end entries. It also streamlines the compiling of financial statements. With the addition of these resources, this division will be able to improve both efficiency and accuracy in financial reporting.

The Governor's Faster CAFR Initiative provides the Division's staff with more resources to assist the State's Internal Control and Compliance position to execute the Governor's Internal Control Initiative. The Internal Control and Compliance position and the Accounting Analysis and Financial Reporting Division work in conjunction with each other and share resources, but report independently and separately to the Chief

STATEWIDE FINANCIAL REPORTING PROCESS
(Continued)

Financial Officer of the State of South Dakota. The Governor's Internal Control Initiative will work to strengthen statewide and agency specific controls. BFM will continue to focus resources on the areas that will provide the greatest benefit; however, it will take significant time to complete.

Through the Governor's Internal Control Initiative, the State will be improving already existing internal controls as well as creating ones to meet new Federal standards as laid out by the US Government Accountability Office. The first component is to have a control environment that will provide the foundation for the internal control system. This component was put into motion with the creation of the Governor's Internal Control Initiative. As part of setting up the system, the State will be implementing and using a variety of risk assessments to identify and evaluate internal and external risks to aid in understanding what internal controls are necessary. While continuing to evaluate and update policies and procedures, the State can implement more efficient and effective control activities. With any internal control system, one of the requirements is high quality information and communication throughout all levels of government. Possibly one of the most important components of the internal control system is continuous monitoring to ensure that all other components are present and functioning as intended. When followed appropriately, these five components will assist the State in achieving its operational, reporting, and compliance objectives.

As a direct result of the additional resources devoted to these areas, auditor adjustments and agency specific audit findings continue to decrease. For example:

- 1) From FY11 to FY15, we shortened the issuance date for the CAFR from 12 months after year-end to less than 7 months after year-end. Anticipated issue date for FY16 and all future years is 6 months after year-end.
- 2) From FY11 to FY15, we decreased the amount of auditor adjustment transaction lines and amounts of those adjustments by over 87%.
 - a. Auditor adjustment transaction lines for assets decreased by 95% while the amount of those auditor adjustments decreased by 96%.
 - b. Auditor adjustment transaction lines for liabilities decreased by 80% while the amount of those auditor adjustments decreased by 66%.
 - c. Auditor adjustment transaction lines for revenues decreased by 78% while the amount of those auditor adjustments decreased by 79%.
 - d. Auditor adjustment transaction lines for expenses decreased by 90% while the amount of those auditor adjustments decreased by 92%.
- 3) From FY14 to FY15, we decreased the amount of auditor adjustment transaction lines and amounts of those adjustments by over 58%.
 - a. Auditor adjustment transaction lines for assets decreased by 86% while the amount of those auditor adjustments decreased by 90%.
 - b. Auditor adjustment transaction lines for liabilities decreased by 60% while the amount of those auditor adjustments decreased by 74%.
 - c. Auditor adjustment transaction lines for expenses decreased by 31% while the amount of those auditor adjustments decreased by 65%.

We acknowledge that further improvements are necessary and we are confident improvements will continue. All of the items above show that the Department of Legislative Audit is making fewer corrections because the Division and State agencies

STATEWIDE FINANCIAL REPORTING PROCESS
(Continued)

are identifying and correcting more of the material errors and omissions before the audit. This is evident by the fact that the adjustment transaction lines made by the Division increased by 174% from FY11 to FY15. In comparing FY14 to FY15, the number of adjustment transaction lines made by the Division decreased by 17%. This is a result of the Division and State agencies working in collaboration to identify and correct these errors before numbers are submitted to the Division for review.

In addition to the action taken and continued improvements noted above, the State will continue to identify and evaluate areas of needed improvement. This will result in streamlining, simplifying, and automating procedures to achieve the goal of more accurate and timely reporting. Due to the diversity of the sources and types of information summarized for presentation, it is difficult for any internal controls, policies, or procedures to completely eliminate all audit adjustments. Even though improvements have been made, we are committed to continuing improvement of internal control structure to keep the number of audit adjustments and findings to a minimum.

DEPARTMENT OF TRANSPORTATION

CURRENT AUDIT FINDINGS AND RECOMMENDATIONS

Federal Compliance Audit Findings:

Finding No. 2015-008:

Expenditures were not properly reported on the annual SF-425 report for programs awarded by the Federal Transit Administration (FTA).

CFDA Title: Federal Transit – Capital Investment Grants; Bus and Bus Facilities Formula Program; Enhanced Mobility of Seniors and Individuals with Disabilities; Formula Grants for Rural Areas

CFDA Number: 20.500; 20.526; 20.513; 20.509

Federal Award Number: SD-04-0016, SD-04-0018; SD-34-0001; SD-16-0004, SD-16-0035; SD-18-0049

Federal Award Year: 2012, 2014; 2015; 2015, 2013; 2014 (respectively)

Federal Agency: U.S. Department of Transportation, Federal Transit Administration

Type of Finding: Noncompliance

Category of Finding: Reporting

Analysis:

The annual SF-425 report, which is required for the transit programs identified above, requires the reporting of federal cash flow (receipts and disbursements) and expenditures (both federal and recipient shares) incurred under the program for the period. The South Dakota Department of Transportation (DOT) reported as expenditures only those expenditures that were incurred *and* reimbursed by the FTA under each program. As a result the DOT under reported expenditures for the following awards representing expenditures incurred but not reimbursed:

| | | | Reported Expenditures | Audited Expenditures | Variance (Under)/Over |
|---------------------------|-------------------------|-------------------------|----------------------------------|---------------------------------|----------------------------------|
| Federal Award: | SD-04-0018 | <i>Federal Share:</i> | 369,978.00 | 634,361.58 | (264,383.58) |
| Material Variance: | Period Expenditures | <i>Recipient Share:</i> | 92,494.50 | 158,590.40 | (66,095.90) |
| Report Type: | Annual | | | | |
| Federal Award: | SD-16-0035 | <i>Federal Share:</i> | 342,031.00 | 413,781.93 | (71,750.93) |
| Material Variance: | Period Expenditures | <i>Recipient Share:</i> | 85,507.75 | 103,445.48 | (17,937.73) |
| Report Type: | Annual | | | | |
| Federal Award: | SD-16-0035 | <i>Federal Share:</i> | 30,387.00 | 142,341.04 | (111,954.04) |
| Material Variance: | Period Expenditures | <i>Recipient Share:</i> | 7,595.75 | 35,585.26 | (27,989.51) |
| Report Type: | Close-out | | | | |
| Federal Award: | SD-18-0049 | <i>Federal Share:</i> | 5,052,559.00 | 5,536,638.20 | (484,079.20) |
| Material Variance: | Period Expenditures | <i>Recipient Share:</i> | 3,032,527.00 | 3,331,317.58 | (298,790.58) |
| Report Type: | Annual | | | | |
| Federal Award: | SD-18-0049 | <i>Federal Share:</i> | 5,052,559.00 | 5,536,638.20 | (484,079.20) |
| Material Variance: | Cumulative Expenditures | <i>Recipient Share:</i> | 3,032,527.00 | 3,331,317.58 | (298,790.58) |
| Report Type: | Annual | | | | |

RECOMMENDATION:

1. We recommend the reporting performed by the DOT be updated to ensure material compliance with the reporting required under the programs awarded by the FTA.

DEPARTMENT OF TRANSPORTATION
(Continued)

Auditee's Corrective Action Plan:

Responsible Party: Joanie Blair, Accountant II

DOT Transit had a Federal Audit completed July 2014 with no findings related to how expenditures were being reported. Based on the Federal Audit we continued to report only the expenditures reimbursed by FTA. DOT Finance has revised queries for FFRs to capture all expenditures for reporting period vs just expenditures that have been reimbursed from FTA for that reporting period. The Annual FFRs reported for 2015 should comply with this recommendation.

Finding No. 2015-009:

Internal controls were not adequate to ensure compliance with federal reporting requirements.

CFDA Title: Formula Grants for Rural Areas

CFDA Number: 20.509

Federal Award Number: SD-18-X049

Federal Award Year: 2014

Federal Agency: U.S. Department of Transportation, Federal Transit Administration

Type of Finding: Significant Deficiency

Category of Finding: Reporting

Analysis:

The South Dakota Department of Transportation submits a yearly Reduced Reporting Summary (RR-20) for each subrecipient to the Federal Transit Administration. Our sample of 5 out of 24 subrecipient reports submitted as of September 30th, 2014 identified multiple variances between subrecipient financial data and submitted RR-20 reports. These errors occurred due to data organization discrepancies and manual typing errors. As a result, RR-20 reports were both under and over reported in a combined amount of \$530,014.

RECOMMENDATION:

2. We recommend that internal controls be strengthened by: a) reducing instances of manual data entry wherever possible b) implementing an additional review prior to RR-20 submission.

Auditee's Corrective Action Plan:

Responsible Party: Sallie Doty, Transportation Specialist; Lisa Donner, Transportation Specialist and Jeff Rutz, Transportation Specialist

The SD DOT Transit Office's procedure regarding the National Transit Database reporting is changed and incorporated the least amount of data transfer as possible. The change includes all data is tied within each spreadsheet to a totals page eliminating a separate totals document. The SD DOT Transit Office also established internal controls for reviewing all RR-20 data before the reports are submitted. All three staff members will be asked to review the information presented for possible errors in entry before the report package is sent to the Federal Transit Administration.

DEPARTMENT OF TRANSPORTATION
(Continued)

Finding No. 2015-010:

Internal controls were not adequate to ensure subrecipient compliance with the terms and conditions of the subaward.

CFDA Title: Federal Transit – Capital Investment Grants (Fixed Guideway Capital Investment Grants)

CFDA Number: 20.500

Federal Award Number: SD-04-0016

Federal Award Year: 2012

Federal Agency: U.S. Department of Transportation, Federal Transit Administration

Type of Finding: Significant Deficiency

Category of Finding: Subrecipient Monitoring

Questioned Costs: \$237,996

Analysis:

The provisions of a subgrant issued by the South Dakota Department of Transportation (DOT) to a subrecipient provide that “The STATE will pay eighty percent (80%) of the total cost of the equipment [...] directly to the vendor upon equipment delivery and inspection by the STATE.” In June of 2014, the subrecipient submitted to the DOT a vendor’s invoice; the DOT, prior to an inspection of the equipment, approved the invoice for payment and the State sent payment of \$237,996 to the subrecipient, rather than to the vendor. In November 2014, the DOT became aware that, due to a dispute with the vendor, the subrecipient had not taken delivery of the equipment and was still in possession of the federal funds. As a result, a reimbursement of federal funds was provided to the subgrantee for expenses that had not been properly incurred.

RECOMMENDATION:

3. We recommend that internal controls be strengthened by: a) reviewing agreements prior to approving expenditures and b) increasing management oversight and involvement in the procurement of equipment by subrecipients with federal funds.

Auditee’s Corrective Action Plan:

Responsible Party: Lisa Donner, Transportation Specialist

At this time there will not be any new Section 5309 funding agreements executed due to the funding source no longer available. For other capital Section 5310, 5339 and 5309 funding agreements, the current funding agreement language, states as below.

The STATE will pay eighty percent (80%) of the total costs of the equipment listed in Paragraph 4(a), directly to either the GRANTEE or the vendor, upon equipment delivery and inspection by the STATE. The STATE will make no payment to the vendor or the GRANTEE unless the equipment meets specification approved by the STATE.

The process is to define the project in the funding agreement as to what types of projects the funding agreement includes. This information is also tracked in transit office tracking systems and negotiated contracts. By reviewing this information prior to issuing the reimbursement will ensure that reimbursement requests are eligible under executed funding agreements.

DEPARTMENT OF TRANSPORTATION
(Continued)

In addition, a policy has been adopted to inspect purchases over \$5,000 total costs to ensure receipt of assets.

DEPARTMENT OF SOCIAL SERVICES

CURRENT AUDIT FINDINGS AND RECOMMENDATIONS

Federal Compliance Audit Findings:

Finding No. 2015-011:

The maximum income limits used to determine eligibility for the Low Income Home Energy Assistance Program for household sizes of seven or more exceeded the federally determined maximums and did not agree with the income limit contained in the State Plan.

CFDA Title: Low Income Home Energy Assistance Program

CFDA Number: 93.568

Federal Award Number: 20150992201

Federal Agency: Department of Health and Human Services (DHHS)

Federal Award Year: 2015

Type of Finding: Significant deficiency

Category of Finding: Eligibility

Analysis:

During our testing of the Low Income Home Energy Assistance Program (LIHEAP), we discovered the calculation for the maximum income allowed for household sizes of seven or more was improperly calculated. Section 2605(b)(2)(B) of P.L. 97-35 sets the maximum allowed in determining income eligibility for LIHEAP at 60 percent of State Median Income (SMI), except where 150% of the Federal Poverty Guidelines (FPG) is higher. The South Dakota State Plan for LIHEAP had approved a 175% FPG eligibility threshold for fiscal year 2015. This was below the SMI for family sizes of one through six, however, this income limit was above the SMI for household sizes of seven and above. Also, when the percentage used for these household sizes was recalculated, it did not agree to the 175% FPG income limit established in the State Plan. Because of the lack of procedures in place to ensure proper calculation of income limits, there existed an increased risk of ineligible recipients obtaining federal assistance as a result of improper maximum income limits.

RECOMMENDATION:

1. We recommend that the Department of Social Services (DSS) implement internal controls to ensure that the maximum income for all household sizes is calculated in accordance with Federal Regulations.

Auditee's Corrective Action Plan:

As outlined in the communication and information provided by DSS during the course of the audit, the Health and Human Services Administration for Children and Families (ACF) approved South Dakota's State Plan including the household size and income calculations for household sizes 7 and greater consistent with how DSS determined eligibility for the cases DLA reviewed. While household sizes of 7 or more are few in number, ACF also provided DSS email communication indicating that ACF had accepted our income guidelines as part of the plan approval process. Subsequent to the audit, DSS received additional information from ACF and intends to formally resubmit to ACF its income guidelines for family sizes greater than 7 and will then consider and implement any necessary changes based on ACF feedback. Anticipated completion Date 06/30/2016.

DEPARTMENT OF SOCIAL SERVICES
(Continued)

Finding No. 2015-012:

Reserved bed days were improperly included in nursing facility claims submitted by the State Veterans Home.

CFDA Title: Medical Assistance Program

CFDA Number: 93.778

Federal Award Number: 1405SD5MAP, 1505SD5MAP

Federal Award Year: 2014, 2015

Federal Agency: Department of Health and Human Services (DHHS)

Type of Finding: Noncompliance

Category of Finding: Allowable Costs

Questioned Costs: \$18,673.64

Analysis:

Nursing facilities often reserve a bed during an individual's temporary absence from the nursing facility. Nursing facilities are allowed to include reserved bed days in the amount of days claimed at the established per diem rate for eligible Medicaid recipients subject to the limitations established in ARSD 67:45:02:04. However, ARSD 67:45:02:04 states that "No payment may be made to a state-owned institution for reserving a bed during an individual's absence." Attachment 4.19C of the Medicaid State Plan states "No payment will be made to state-owned/operated institutions for reserving a bed during a resident's absence regardless of the reason for absence."

Several claims submitted by the State Veterans Home included "reserved bed days" in the calculation for the per diem amount claimed. A total of 126 reserved bed days were improperly claimed by the State Veterans Home in FY2015, resulting in a total overpayment of \$18,673.64.

RECOMMENDATION:

2. We recommend that the DSS comply with the administrative rules and state plan for reserved bed days.

Auditee's Corrective Action Plan:

DSS has provided extensive training and support for staff at the State Veteran's Home relative to the payment and billing requirements. DSS agrees that the State Veteran's Home should comply with the administrative rules and state plan for reserved bed days and will enhance its efforts in this area by conducting additional training to State Veteran's Home staff and by adding payment edits to our Medicaid payment system. DSS is working with the State Veteran's Home to recoup overpayments for any prior reserve bed days inappropriately billed. DSS will also be providing additional training to staff at the State Veteran's Home relative to Medicaid billing and payment requirements. Anticipated completion Date 03/31/2016.

DEPARTMENT OF AGRICULTURE
SOYBEAN RESEARCH AND PROMOTION COUNCIL

The following was issued under a separate audit of the Soybean Research and Promotion Council by Eide Bailly, LLP.

CURRENT AUDIT FINDINGS AND RECOMMENDATIONS

Financial Statement Audit Findings:

Finding No. 2015-013:

Criteria:

Proper controls over financial reporting include the ability to prepare financial statements and accompanying notes to the financial statements that are materially correct.

Condition:

The Council does not have an internal control system designed to provide for the preparation of the financial statements being audited. As auditors, we proposed material audit adjustments that would not have been identified as a result of the Council's existing internal controls. We were also requested to draft the financial statements and accompanying notes to the financial statements.

Cause:

The Council has limited staff. They cannot justify having an individual on staff with the proper accounting skills necessary for preparing the draft financial statements and accompanying notes to the financial statements.

Effect:

Material audit adjustments were needed at year-end. Inadequate controls over financial reporting of the Council could result in the likelihood that the Council would not be able to draft the financial statements and accompanying notes to the financial statements that are materially correct without the assistance of the auditors.

RECOMMENDATION:

1. While we recognize that this condition is not unusual for an organization of your size, it is important that you be aware of this condition for financial reporting purposes. Management and the Board should continually be aware of the financial accounting and reporting requirements of the Council as well as changes in these requirements.

Auditee's Corrective Action Plan:

Management will review the year-end adjustments. Since it is not cost-effective for an organization of our size to have an individual on staff to prepare audit-ready financial statements, we have chosen to hire Eide Bailly, a public accounting firm, to prepare our financial statements as part of the annual audit. We have designated a member of management to review the propriety of the draft financial statements and accompanying notes to the financial statements.

DEPARTMENT OF AGRICULTURE
SOYBEAN RESEARCH AND PROMOTION COUNCIL
(Continued)

Finding No. 2015-014:

Criteria:

Proper controls over financial reporting include the ability ensure that all liabilities and related expenditures incurred during the period have been properly accounted for and disclosed.

Condition:

The Council has an on-line project management system designed to provide for submission of project expenditures, reporting of project expenditures by grantees, and approval of project expenditures, that is in the early stages of implementation. Due to delays in the reporting of project expenditures by grantees, it was difficult to determine the accurate reporting of accounts payable and related expenditures related to projects that the Council has provided funding for.

Cause:

The Council does not have the project management system fully implemented and the status of projects was not reported timely by the grantees in some cases.

Effect:

Material audit adjustments were needed at year-end. Inadequate controls over grantee reporting could result in the likelihood that the Council would not be able to properly record accounts payable and related expenditures for projects which could result in financial statements that are not materially correct.

RECOMMENDATION:

2. Management and the Board should fully implement the on-line project management system to ensure reporting requirements of grantees are monitored and the status of the project is tracked to allow for the Council to properly record the accounts payable and related expenditures related to projects on an ongoing basis, and potentially enforce contract provisions if needed related to grantee reporting.

Auditee's Corrective Action Plan:

Management will review the year-end adjustments relating to accounts payable and project expenditures. Management will continue the implementation of the on-line project management system which will allow the Council to properly record the accounts payable and related expenditures related to projects on an ongoing basis.

DEPARTMENT OF AGRICULTURE
CORN UTILIZATION COUNCIL

The following was issued under a separate audit of the Corn Utilization Council by Eide Bailly, LLP.

CURRENT AUDIT FINDINGS AND RECOMMENDATIONS

Financial Statement Audit Findings:

Finding No. 2015-015:

Criteria:

Proper controls over financial reporting include the ability to prepare financial statements and accompanying notes to the financial statements that are materially correct.

Condition:

The Council does not have an internal control system designed to provide for the preparation of the financial statements being audited. We were requested to draft the financial statements and accompanying notes to the financial statements.

Cause:

The Council has limited staff. They cannot justify having an individual on staff with the proper accounting skills necessary for preparing the draft financial statements and accompanying notes to the financial statements.

Effect:

This deficiency results in a reasonable possibility that the Council would not be able to draft the financial statements and accompanying notes to the financial statements that are materially correct without the assistance of the auditors.

RECOMMENDATION:

1. While we recognize that this condition is not unusual for an organization of your size, it is important that you be aware of this condition for financial reporting purposes. Management and the Board should continually be aware of the financial accounting and reporting requirements of the Council as well as changes in these requirements.

Auditee's Corrective Action Plan:

Since it is not cost-effective for an organization of our size to have an individual on staff to prepare audit-ready financial statements, we have chosen to hire Eide Bailly, a public accounting firm, to prepare our financial statements as part of the annual audit. Management and the board of directors will review for propriety the draft financial statements and accompanying notes to the financial statements.

DEPARTMENT OF AGRICULTURE
CORN UTILIZATION COUNCIL
(Continued)

Finding No. 2015-016:

Criteria:

In order to achieve a high level of internal control, the functions of executing transactions, recording transactions and maintaining accountability for assets should be performed by different employees or be maintained under dual control.

Condition:

The Council did not have an internal control system to allow for the proper segregation of duties in certain areas of the accounting function.

Cause:

The Council has limited staff and cannot justify hiring an additional individual in order to better segregate accounting duties.

Effect:

Proper segregation of duties helps to minimize the chance of undetected errors or defalcations, since the work of one person is reviewed by the work of another.

RECOMMENDATION:

2. Due to the small size of the office, the Council is limited in the options available to them. Under this situation, the most effective control is management and the board's oversight and knowledge of matters relating to the operations of the Council.

Auditee's Corrective Action Plan:

We have evaluated the segregation of duties over the revenue function and over the expenditure function. Management and the board of directors will exercise oversight of the accounting functions, which we believe mitigates the risk of material misstatement to an acceptable level.

